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The papers and discussion at an international seminar of manpower and labor experts are summarized by G. Bowen Thomas. An interpretative essay, "Manpower Problems of An Expanding Sector," by Solomon Barkin, is also included. The seminar was designed to fill the information gap and to stimulate investigations concerning common manpower and labor problems of the entire services sector and the distinctive problems in its various branches. The services sector of the economy consists of those diverse activities which are not embraced within the primary or natural resource sector nor in manufacturing. Some highlights concerning the services sector are: (1) The demand for an increasing number of services often cannot be met by the market mechanism, due to consumer unwillingness to pay the price demanded, and increasing governmental intervention and initiative has become necessary, (2) The desire for better services for longer periods of time has resulted in the use of far more married women and part-time labor, (3) An ever-changing pattern of services implies the need for a more fluid and mobile labor force with wider and more flexible skills, and (4) The need for improved training, recruitment, and educational standards for entry workers is imperative. Data needs and directions for research are discussed. (ET)

INTERNATIONAL SEMINARS 1966-2

VT006377

MANPOWER PROBLEMS IN THE SERVICE SECTOR

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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FOREWORD

Manpower policy in one of its most significant phases deals with the adjustment of people to the changing structures and requirements of employment. The shift of employment opportunities among the various sectors has been so marked in recent years as to have given real importance to the "service sector" as an employer of manpower. The United States has in fact achieved the unique position of being the world's first "service economy" in which more than one-half of the work-force is associated with this sector. Some have transferred from other sectors and others have found their first employment in it and have remained there.

A series of studies has been initiated of the shifts in the relative importance of the different sectors, industries and occupations and their impact upon the work force. Few investigations have been made for the relatively new service sector where the manpower problems are so urgent that the manpower and labour authorities have had to deal with this issue long before others have done so. Information and data are needed to handle the pressing manpower and labour problems in this field. There has been considerable interest in some of the traditional services such as hotels and restaurants, but there is no complete picture of the common problems of the entire sector and the distinctive ones in its various branches.

The present seminar was designed to fill this gap and to stimulate further investigations, thought and analysis. The data available are deficient because overall economic enquiries have tended to overlook the specialised characteristics and needs of this sector. The present approaches to manpower and labour problems in this sector tend also to be inadequate for they are adaptations of those followed for the primary and secondary sectors.

The seminar was arranged with the assistance of experts, primarily recruited from the trade unions, and several independent investigators. The present volume consists of the final report prepared by G. Bowen Thomas, which summarises the papers and discussion, and an interpretative essay presented by Solomon Barkin.

The supplementary volume, which is published separately, consists of the papers prepared for this seminar. They are divided into four sections. The first presents an overall view of the growth of the Service Sector. The second outlines the manpower problems in individual branches. The third reviews several problems common to most branches, and the fourth considers recent initiatives by government in fields which have affected the service sector.

The Manpower and Social Affairs Committee has approved for general distribution the report by Maurice Lengellé on "The Growing Importance of the Service Sector in Member Countries".

Solomon Barkin

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and Social Affairs and Head of the
Social Affairs Division, OECD, Paris.

Part One

MANPOWER PROBLEMS OF AN EXPANDING SECTOR.

by
Solomon Barkin

In most countries economic growth has in part been reflected in the expansion of the tertiary or service sector. This sector consists of those activities which are not embraced within the primary or natural resource sector nor in manufacturing. As such its components are most diverse. Many services have long existed and some are new. In any event, they have grown in size and diversity.

Modern society calls for a wider range of services to maintain the basic productive enterprises whose markets have grown in size and geographical scope. Their relations are moreover more intimate and the responses to developments are quicker. In addition, with the rise of national and personal incomes and the shortening of hours, the human horizons of the good life have been lifted making new demands on the economic system. Both specialised consumer and producer services have therefore multiplied (1).

From the point of view of manpower and labour analysis, the distinctive feature of the new types of employment has been the transfer of the locus primarily away from the field or mine and the factory to the office the shop, the school and the hospital. The primary productive relationship is not with materials but with a customer or user. True enough, distances between the specific purveyer and the customer may be great, but the object of the work is oriented to the person to be served rather than to a product. The quality of the service in terms of the user's acceptance and benefits becomes of primary importance. The relationship between groups furnishing the service and the customer can always change, as more responsibilities are assumed by the consumers. But in all circumstances this connection is an ever present one. The customer may often determine the effectiveness of the service itself by the way he reacts.

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(1) Harry J. Greenfield: "Manpower and the Growth of Producer Services", Columbia University Press, New York, 1966. pp. 147.

There has been much discussion of whether all the various activities which are considered as services can in fact be grouped in one sector. Studies have been made of employment in many of the traditional branches such as hotels, restaurants and retail shops, and labour regulations have been drawn up. But the important question is whether there are enough areas of similarity to make it possible to define common problems and adopt generalised approaches to deal with them.

The most outstanding fact about the total group is that it is the expanding sector of the economy. In some advanced economies, it is the only one of the three which is growing in relative size. In many other countries, it shares the growth primarily with the manufacturing sector as a whole.

The particular significance of this expansion is that it offers opportunities for the employment of the new generation and in some instances it can even absorb some of those displaced from the other two sectors. This makes the service sector particularly crucial in the economic growth process. As productivity forges ahead in the primary and secondary sectors, questions have been raised as to whether the tertiary one will open up the job opportunities for the expanding population. Or, as some have suggested, will this sector also be affected by technological innovation which will repeat the cycle observed previously by mechanising operations and thereby minimising the need of manpower. Past experience shows that human desires and needs are always growing and that men are continually seeking new activities to satisfy their desire for greater individual expression. In addition, services now performed as part of an existing system of production are being separated, specialised and expanded. Where the private markets are unresponsive to the new needs and demands, governments have been called upon to provide them. After a service has been securely established by government initiative in a particular field, it might then be organised independently of the governmental machinery either through private or semi-public agencies. There appears to be no limit to the range of expansion of the fields of consumer and producer services.

The seminar, in its search for the elements of similarity in the manpower problems in this very heterogeneous sector, found a number of significant ones. In the first place, they observed that the outstanding characteristic is the multiplication of opportunities for female employment. The entry of female workers has of course brought with it a number of distinctive demands and problems. Since this expansion has occured at times of labour market stringency, it has favoured the adaptation of employment conditions to their needs.

Associated with the entry of women is the growing number of part-time employment arrangements. In some instances the schedules have grown out of the pattern of consumer and producer demand, while in other cases they are the product of deliberate efforts to adapt working schedules to the availability of manpower resources. Similarly, a significant innovation has been the dissociation of the employee's working schedule from the operating schedule. Services must be attuned to the requirements of consumers and producers but with the shortening of working hours and the prolongation of operating hours, employers have organised shifts to cover the latter and are no longer bound by the employees,single shift of working hours. The rising cost of equipment and plant has also favoured shift arrangements.

The third distinctive feature of these employments has been the high proportion of employees with advanced education and training. Even in occupations and services where the on-the-job experience has in the past been sufficient, organised training is gaining increasing importance. Broader basic education and more precise job training are becoming essential requirements for employment. Job requirements are being upgraded, both in response to organisational needs and the better education of the population. The image of these activities as being performed by unskilled and untrained people is fast giving way to new patterns, particularly among the producer services. One of the truly pressing problems in the sector is the alignment of wage and salary and working standards with those found in the manufacturing sector. As unions have succeeded in raising these levels for the secondary sector, the gap has widened between the traditional employment in the tertiary area and that in the secondary sector. However, the pressure for recruitment in the service sector has necessitated some alignments. Moreover, employee and independent professional organisations have become more widespread. The last few years have witnessed increasing demands for such realignment and they have been successful in bringing up wage and salary levels. It is moreover likely that similar pressures will continue to operate in other lagging fields, particularly as the bargaining power of individual groups increases. The consequence of this movement will be felt both in the higher demands made by employers upon employees and the increasing demand for a wider pattern of rationality for wages and salaries in the total labour market.

Two major developments in the form of organisation and ownership within the service sector are noteworthy. They suggest the radically new characteristics of the employment contracts within the sector.

The individual family shop and independent professional one are giving way to large and more modern business units. Self employment is giving way to dependent employment. The large organisation and corporation are invading this field. It is acquiring many of the characteristics prevalent in such bureaucratic agencies. Moreover, a significant number of the services are being offered by government agencies or governmentally sponsored enterprises.

The service sector is undergoing vast structural and technical changes. Old services are giving way to new ones. Some are shrinking and others are expanding. Mechanisation is intruding in established fields and replacing direct personal contacts. New relationships are being established with the customer who is increasingly called upon to serve himself and to benefit from the display, or instruction. Mass service systems are replacing individual attention. As inventions increase, so does the tendency for commercialisation of many customary household and producer functions. On the other hand, as the cost relationship changes, some revert back to the household or producer; but generally, the tendency is in the direction of the further commercialisation of services. Some producer services take the form of outright sub-contracting.

Older informal methods of handling personnel problems have to give way to deliberate formal policy. Expansion dictates finding new employees. Recruitment problems have become prominent. New classes of potential employees have to be indentified. Training has to be provided. Difficulties in recruitment demand arrangement of jobs better to adapt them to the available supply of labour. Job offers have to be attuned to existing standards. The personnel function takes on the characteristics found in other larger organisations. The major result is a further unification of the total labour market approach fostering greater mobility and interchangeability.

One major issue confronting the service sector is its utilisation of professional and highly trained manpower. Moving from an era of abundance into a period of scarcity, employers are fully aware of the limitations of supply and competing demands as well as the time required for the education and training to prepare a new supply. Serious efforts have been made to devise new manning patterns. Jobs are now being engineered; therefore, work study is being introduced.The overall emphasis is thereafter on adapting the job structure to the labour supply of trained personnel rather than laying down a job structure and awaiting the adaptation of the labour supply to this need. Professionals now find their time increasingly limited to professional services while they are assisted by technicians and persons of lower training achievements. Specialisation has permitted the continuation of services with smaller proportions of the higher skills.

Instability had been the outstanding characteristic of employment in the sector. Seasonal peaks of activity meant high recruitment during such periods. But with the curtailment of labour supply and the increasing cost of the overhead and resources, more and more units have begun formal efforts at stabilising employment. Some have achieved this objective by adding services for different seasons, thereby maintaining high levels during the peak. Others have added complementary functions so that employees could be shifted from one seasonal service to another. The service sector could no longer rest easily with the seasonal pattern of activity. Therefore, more and more such plans are being introduced.

The seminar was particularly empressed with the absence of adequate information and the limitations of available research, and the number of inquiries into the special manpower problems of this field. We are only on the threshold of penetrating this vast area. The well-being of an ever-growing section of the economy and the labour force is at stake.

Part Two

MANPOWER PROBLEMS IN THE SERVICE SECTOR

by
G. Bowen Thomas

A. THE EXISTING SITUATION

I. Definition of the Service Sector

In any discussion of the problems of the service sector it is essential to define first the field covered by this sector. This presents some difficulties as a term like "the service sector" is not associated with any definite or particular set of industries and to some degree it could be claimed that all industries provide services. Consequently the boundary between production goods and the provision of services is a difficult one to draw, so that a classification can often only be obtained from the context in which the term is used.

Economists have for some time been accustomed to a threefold division of the economy, a division which dates back to the time of Plato and Aristotle and reappeared again in the work of Fisher in the 1930s and Colin Clark in 1940.(1) They divided the economy into:

Primary sector

The provision of tangible goods in agriculture, forestry, fishing, and hunting.

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(1) Alan G.B. Fisher: "The Clash of Progress and Security", Macmillan, London, 1935.

Colin Clark: "The Conditions of Economic Progress", Macmillan, London, 1940.

Secondary sector

Industry, in the French sense of the word, to cover mines, manufacturing and such institutions as gas, electricity, and water supply. These all involve activities with a tangible end product.

Tertiary sector

Services, trade and public services. This would be better described by the formula
Total - (Agriculture + Industry) = Residual or service.

But even this division was not a clear cut one and many economic activities were difficult to place. For example, Fisher placed mines in the primary sector while Clark included them in the secondary sector. Clark also placed construction and crafts in the tertiary sector on the grounds that the construction industry leads to something which could not be moved and crafts as cottage industries to products which did not lead to mass production. Similar misgivings are expressed today and no definition has as yet been forthcoming which would be satisfactory for all purposes.

Yet another difficulty arises from the origin of the term. Coined by British and American economists it has proved to be essentially an anglo-saxon one which, when literally translated into French, acquires such a breadth of meaning as to become imprecise and of little practical use. Maurice Lengelle (1) in his paper pointed out:

> "The French term "secteur" is thus an ambiguous one, as it officially means an aggregate of enterprises but is commonly used to describe an aggregate of branches which themselves are aggregates of products... this shows that a word-for-word translation of certain English terms should be avoided at all costs."

He also indicated later in his paper that:

> "One of the basic difficulties arises from the fact that, in French, there is no distinction in ordinary usage between the translation of "goods" and "services". The term "bien" denotes anything which is useful, profitable or attractive."

---

(1) "Growth of the Commerce and Service Sector in Western Europe".

In view of these difficulties it might be considered more practical to think of services not in terms of tertiary industries but rather of those in the "residual sector". This would include such industries as "wholesale and retail trade, finance, insurance and real estate, professional, personal and repair services and public administration". This would then include activities concerned with the production of intangible goods as well as the distribution of tangible products (commerce).

With such a wide variety of definition it was decided to limit the work of the seminar by excluding transport and administration. The service sector was subsequently defined by including selected subsectors from the International Standard Industrial Classification (I.S.I.C. Code).

Grouping 1

61. Wholesale and Retail Trade.

Grouping 2

62. Banks and other Financial Institutions
63. Insurance
64. Real Estate
83. Business Services
    831. Legal services
    832. Accounting, auditing and book-keeping services
    833. Engineering and technical services
    839. Business services not elsewhere classified.

Grouping 3

82. Community Services
    821. Education services
    822. Medical and other health services
    823. Research and scientific institutions
    824. Religious organisations
    825. Welfare institutions
    826. Trade associations and professional labour organisations
    827. Libraries, museums and botanical and zoological gardens
    829. Community services not elsewhere classified.

Grouping 4

84. Recreation Services
    841. Motion picture production, distribution and projection
    842. Theatres and related services
    843. Recreation services, except theatres and motion pictures.

Grouping 5

- 85. Personal services
    - 851. Domestic service
    - 852. Restaurants, cafes, taverns and other drinking or eating places
    - 853. Hotels, rooming houses, camps and other lodging places
    - 854. Laundries and laundry services
    - 855. Barber and beauty shops
    - 856. Portrait and commercial photographic studios
    - 859. Personal services not elsewhere classified.

II. Characteristics of service industries

The service industries take their characteristics from the political, social and economic environment in which they function. They vary considerably between themselves and between countries but nevertheless have certain common features which distinguish them from the manufacturing industries. These can be broadly classified as:

Product factors
Labour factors
Enterprise factors

(a) Product factors

There is a sense of immediacy about services. Unlike goods which when manufactured can be stored and are therefore produced in anticipation of demand, services usually have to be consumed when they are produced. The acts of production and consumption are often linked.

It follows from this that the service industries must be prepared to provide for a continuous service - whether it be entertainment, personal services, medical attention etc. From this it would seem that a concept of "normal working time" during which the consumption of services takes place is unlikely and impracticable in a modern economy.

Services are highly personal and depend very much for their adequate performance and quality on the provider, but the consumer may also have a role to play in this. A doctor often depends on the co-operation of his patient and is greatly assisted if he is given a clear outline of the symptoms and medical history. In view of these personalised variables it is very difficult to standardise or even control quality, although investment and training can often raise the general level.

Unlike that of manufacturing industries, the productivity and output of service industries is difficult to measure. For example, in banking, as the standard of living rises so also does the unit value of cheques and the number of payments made by cheque. Is productivity then to be measured in terms of value or quantity of cheques?

Output is also particularly difficult to measure and particularly when the services are an "intermediate product" and "when the relationship between the intermediate products and the final products is variable".(1)

An increase in investment in services does not automatically mean more or even better services. More teachers will not mean more education (or better education!).

The products of the service sector, particularly common services like education, differ from those of the manufacturing industry. Services often provide not only for the community but are institutions in their own right with a role to play in national prosperity.

(b) Labour factors

Service industries often show a close relationship between the producer or provider of the service and the consumer. This makes it difficult to separate the ability of the service worker and the quality of the service that is given.

Professional organisations and members of professions (who provide services) have different attitudes to their "product" from those in manufacturing industry. By virtue of their position the community confers on many (doctors, teachers) special authority and rights, and this conditions the way in which they approach the provision of the service they offer.

The role of salaried employees is greater in services than in manufacturing. Wages and salaries are far less likely to be based on output and sales.

A vital difference between the sectors is that many service occupations do not make special physical demands. Physical strength is, therefore, less important than in many manufacturing occupations. Consequently women can compete with men for jobs.

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(1) Maurice Lengellé, op. cit.

There is a far greater personalisation of work in the service sector. So the employee by reason of this close relationship to his work is given more scope for the development of personal skills.

(c) Enterprise factors

Owing to the personal nature of so many services they are often provided by small organisations of which there are more than in the goods sector.

The sector is also differentiated by the disproportionately large number of self-employed workers found in it.

The service sector is particularly marked for the large number of non-profit making organisations as well as voluntary and governmental agencies in it, which are increasing in size and importance.

Human capital appears to be relatively far more important than physical capital, and service industries are by and large far less capital intensive and more labour intensive than manufacturing industries. There are of course several exceptions - hotels, television and theatres.

It is also thought that the service sector is less sensitive to cyclical fluctuations in employment and production than manufacturing industries.(1)

III. Growth of the Service Sector

Any explanation of the reasons for the growth of the Service Sector is of course highly speculative at this stage, particularly as the basic statistics are not available and the terms are used differently by various countries. However the importance and the overall growth of the sector can be looked at in two ways:

(a) By examining the size and the rate of growth of the output of the service sector.

(b) By examining the size and the rate of growth of the labour force employed in the service sector.

(a) The growth of output and its measurement

Only general conclusions are possible in this field as not only is the output of services difficult to measure, but variations in the quality of the input and the output make any measures of productivity speculative. Some broad conclusions can however be made even at this stage:

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(1) Victor Fuchs: "The Service Industry", page 19.

- that the growth rate in commerce and services has been faster than that for the total Gross National Product in countries of OECD.
- that the proportions are likely to increase with time.
- that output per man has risen more rapidly in manufacturing industry than in the service sector.

A broad classification of countries can be made into those with less than a quarter of the total GDP in services; those with a quarter to a third and those with more than one third. This has been done in the following table for some of the OECD countries.

Table 1

Commerce and service sector as a percentage of the total gross domestic product

Present position and future trends

	1963	1970	1980
Group 1 (less than 25% of G.D.P.)			
Italy	17.0	17.0	16.7
Portugal	19.5	20.0	21.0
Greece	21.6	22.1	23.2
Austria	19.6	22.5	27.5
Group II (25% - 33% of G.D.P.)			
Germany	24.9	25.2	26.2
France	26.9	28.2	29.8
Norway	27.3	28.5	30.1
Belgium	30.9	32.8	37.2
United Kingdom	32.5	34.1	37.3
Group III (over 33% of G.D.P.)			
Canada	34.1	34.5	39.4
United States (Services including general government employment)	54.7	-	-

If these trends are an indication of what can be expected, then by 1970 Belgium and the United Kingdom will exceed the 30 per cent, and by 1980 France and Norway will exceed it as well.

A study of this sort raises the vital problem of the accuracy of this form of measurement. Without an accurate system of measurement it is difficult to explain why the service sector has grown.

The measurement of output in the service industries raises several complex conceptual and statistical problems:

- For much of the sector there is no readily definable end product which could be called its output.
- It is often difficult to measure output by value because many services are not provided through the market mechanism, although wage and salary bills have been used, as in the United Kingdom, as a part of official output indices.
- Quality is an integral part of many services yet it is often ignored in output measures, indeed it is probably true to say that there have been changes in the quality of some services which have gone unnoticed in published statistics. But it should also be remembered that changes in quality can work both upwards and donwards so that it is also possible that published statistics may overstate an increase in output as well.
- A further difficulty is pointed out by Lengellé:
  "The problem of the interaction of quality and quantity becomes more complicated when the service rendered comprises an intermediate product and when the relationship between the intermediate producers is variable".(1)

A study was made in France with the development of the Fifth Plan . A direct inquiry was made into 20 different activities (police, education, health, etc.) and the importance of quality in any measurement of output was emphasised, as well as the difficulties of measuring it. On a long term basis it was thought that improvement in quality was discernible but that it should be included not so much in indices of production as in indices of prices. For example, an index of average hotel prices was taken as an indication of quality, for to keep itself within a certain category a hotel must provide basic services. Other measures that were used consisted either of fiscal ones such as turnover deflated by price indices, or physical ones such as tickets to theatres, visits to libraries and numbers of television sets.

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(1) M. Lengellé: op. cit.

In the United States, measures have been developed, one based on Gross National Product and another based on the prices of goods and services.

Difficulties are encountered not only in measuring the output of service industries but also in attempting to assess productivity movements. Nevertheless it is generally believed that productivity in services has risen, but not as rapidly as in the manufacturing sector or indeed, in the case of the United Kingdom, as fast as for the economy as whole. "... this differential largely, or entirely accounts for the differential change in employment."(1) For example in the United Kingdom, 1953-63 output per man year in services has risen by 1.6 per cent per annum and output in non-services by 2.4 per cent per annum, while that of the whole economy rose by 2.2 per cent per annum. In the United States there have also been considerable differences in the rates of change of output per man. During the period 1929-61 output per man in the goods sector increased by 2.44 per cent per annum and in the service sector it increased by 0.70 per cent per annum,while output per man hour increased by 2.92 per cent per annum and 1.57 per cent per annum. Since the end of the war the picture has changed a little and real output per man 1948-63 has increased by 3.07 per cent per annum in goods and 1.23 per cent per annum in services, while in the economy as a whole it increased by 2.14 per cent per annum(2). It could of course be argued that this arises because it is far more difficult to show measurable increases in productivity in services than it is in manufacturing. There is the additional problem that to measure labour productivity on its own and take this as the only measure is also misleading. If the growth of capital is taken into account as well, then the rate of productivity increase in manufacturing is brought closer to that in services. As services on the whole use less capital than manufacturing industry the discrepancy between the productivity of the two sectors is probably far less than one could be led to believe at first. But the ratio of capital to labour has risen faster in manufacturing industries than in service industries in the United States and the United Kingdom. The very nature of the work of service industries makes it more difficult than in manufacturing to use capital to increase productivity so that it is possible that in the future the price of services can be expected to increase. The quality of labour has also risen faster in manufacturing industry than in services and this cannot be discounted in any discussion of relative productivity.

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(1) Victor R. Fuchs: "The Service Industries", page 12.

(2) Victor R. Fuchs: "Productivity Trends in the Goods and Service Sector 1929-61"(a preliminary survey).

Source: International Association for Research in Income and Wealth (Ninth General Conference of the International Association for Research in Income and Wealth, Lom, Norway, 2-7 Sept. 1965) "Output, Input, and Productivity in Selected Service Industries in the United States, 1939-63", by Victor R. Fuchs, National Bureau of Economic Research, New York.

The rate of productivity increase in services in the formulation of manpower policy is of considerable significance, especially in those countries which like the United Kingdom are attempting to work to planned target rates of growth. For example, if the economy is to grow at an annual rate of 4 per cent by 1970, as in the United Kingdom, and if output per man-year in services remains at 1.6 per cent, as it has for the past ten years, then even allowing for the most optimistic increases in employment in the sector, output in the non-service sector will have to grow by more than 4 per cent as compared with 2.4 per cent in the years 1953-63. This would mean either that employment in the service sector must be increased still further or that far greater increases in productivity must be achieved in services and manufacturing. Alternatively if manufacturing industry cannot grow by 4 per cent then employment in services must decrease. This means that with such a large sector, even small increases in productivity must be of great importance if a higher growth rate is to be achieved in the whole of the economy.

(b) Expanding and Contracting Services

It is a matter of common observation that there is an increasing demand for a greater quantity and variety of services in the developed countries. As economic activity expands, and earnings in other sectors rise above the minimum required to cover food, clothes and housing needs, so does the spending capacity of the worker which is channelled into the service industries. A reduction in the working week, shorter hours and longer holidays together with a rising standard of education have also had a marked influence on the demand for services. There is more money to spend and more time in which to spend it on recreation services and personal services, while increased money flows have meant a greater demand for financial services, for banking and insurance. These are closely related in some countries to the growth of the Gross Domestic Product and so their rate of growth has shown cyclical variations over a period of time, although employment in finance has continued to grow steadily. In addition to this, new groups like the teenagers have also emerged as prominent spenders particularly in leisure activities. All of this is reflected in the constant increases in consumer expenditure which have been a feature of European countries since the war as well as in the proportion of resources that countries have devoted to goods and services.

Not all services have expanded at the same rate, and some have not expanded at all, while the expansion of some services conceals great intra-industrial changes. For example, in the recreation industries there has been a fall in cinema attendances in the United States and in Britain but there has also been an expansion in television and other forms of entertainment which will probably continue as more local radio is developed and more television channels opened up. In addition there have been great increases in the demand for people to maintain and repair television apparatus. These are both areas where individual attention is important and where mass production techniques at present are not widely applicable. The increased demand for motor cars has also meant a considerable increase in the demand for services which in the United Kingdom form 50 per cent of garage sales - for repairs, maintenance, petrol and accessories. An improvement in the quality of the products by the manufacturers is at the same time working to reduce the amount of services required as they increasingly build services into the product.

Employment in some personal services has decreased, for example that in domestic service has fallen because of:

- a rise in labour costs;
- more and better domestic appliances;
- a trend to more self contained houses which require less cleaning;
- changes in social attitudes affecting both the demand for and the supply of domestic servants.

An increase in the proportion of women going out to work may well result in an increase in the demand for domestic help in the future, particularly for part time help.

The mass production of some goods has also meant the decline of some industries. When goods can be made cheaply, it may well be more economical to throw them away than to get them repaired, as for example in the case of shoe repairers where the development of a high fashion shoe industry has not been to their benefit. There has also been a decline in laundry employment with the growth of domestic washing machines and of self-service launderettes which are open at all hours and require the minimum of supervision. The improvement of clothing fabrics also has lessened the need for maintenance.

The increasing use of domestic appliances has meant that they have to be serviced and this has increased employment in another part of industry. The trend towards do-it-yourself holidays, camping and caravans, has meant a fall in the demand for hotels but this may well be countered by an increase in leisure time and earnings.

Expansion of State Services

The demand for more and better commercial services, for a wider variety of education services - both at school age and at adult educational level-as well as for improved welfare services has lead to increasing intervention in this Sector by the State. In some industries its function is that of owner and chief provider of a service while in others it acts as a supervisor. This is particularly true of community services which are invariably organised by official bodies - governments or subordinate authorities - but even they may also be provided by institutions and even by private persons. However:

> "... we (should)recognise that the so-called public services, which essentially are services provided for the community by the government, the subordinate public authorities, quasi-governmental institutions or public utility corporations, include activities - postal services, gas, electricity, water supply, etc. - which are not on our list."(1)

In many countries education services, particularly below university level, are provided by the State and financed by local and national taxation or by subsidiary bodies which it supervises, but even here it is not the sole providing organisation. Privately run schools run mainly for profit, as well as privately endowed universities, are a feature of the education provisions of most of the OECD countries. The same is also true of welfare services, libraries, museums, scientific research and health services, although there is a trend towards even more state-owned ventures in this part of the sector. The development of these services, as well as their quality and quantity and the level of employment they provide, is governed essentially by political judgements. Also under state management are such ventures as State public houses in the United Kingdom. The public houses in the city of Carlisle and a large surrounding area as well as in Scotland are under the general control of the Home Office and Scottish Office, and their staffs are classed as civil servants. States airports as technical services are also managed in some countries by civil servants, while the operation of airports by municipal authorities is also becoming far more common. National Theatres and National Film Theatres are evidence of state incursion into the field of entertainment together with nationally owned and operated television and radio networks, as well as spas, milk distribution, real estate management, savings banks and pawnbroking. A variety of services are provided at the municipal level both by authorities functioning as sole providers as well as working as agents of the central government in education and other fields.

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(1) Victor R. Fuchs: "The Growing Importance of the Service Industries", National Bureau of Research, New York, 1965, p. 17.

In recent years the state has also been active in promoting new types of private service enterprises. In the United States in post war years

> "the combination of an apparently unfilled demand for household workers with the substantial unemployment rate among potential household employees has led to a variety of experimental and commercial efforts to improve the organisation of the market. In Chicago, private non-profit organisations have established a group called Jobs for Teens, which trains unemployed youths in yard work and home cleaning, and solicits work for them. The California State Employment Service has undertaken a much larger program of finding household employment for elderly workers (1)."

The service sector is highly volatile and new fashions, technical innovations and inventions are constantly changing the demand for various services. The only common factors appear at present to be an increasing demand and an almost universal shortage of labour. Only a more detailed investigation of the factors which cause some services to decline and others to increase can possibly help in forecasting future trends.

(c) The growth of employment in the Service Sector

The outstanding feature in the development of the service sector in recent years has been the transformation of the United States from "an industrial economy" to a "service economy". This is not as yet a feature common to the economies of Western Europe as Table 2 indicates:

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(1) Albert Rees: "Governmental Manpower Policies in the Service Sector - 1. United States", page 4.

Table 2

Civilian employment around 1960

(in thousands)

	Total civilian employment	Services and commerce	Services and commerce as a percentage of total civilian employment
Total for 12+ European countries . .	98,604	26,946	27.3%
United States	66,459	28,869	43.3%
Canada	6,049	2,418	40.0%

+ The data for Luxembourg were not available while statistics for Belgium, Iceland, Greece, Turkey were incomplete and included financial services.

Source: Table III, Report of Maurice Lengelle, "Growth of the Commerce and Service Sector in Western Europe."

Whereas in the United States in the early 1960's commerce and services accounted for 43.3 per cent of total employment, and in Canada for 40.0 per cent, the twelve European countries only had 27.3 per cent, or just over a quarter of civilian employees in service industries. Since then employment has expanded even further and by 1963 54.7 per cent of employment was in services (which included not only wholesale and retail trade, finance, insurance and real estate as well as government and armed forces). Of those in service industries only one quarter of the employees were engaged in producer services.(1)

The development of the labour force has not been uniform in all the countries of Europe and about 1960 some, notably Austria, Portugal and Spain had less than a quarter of their labour force in services.(1) Germany (FR) 34 per cent and Sweden 35.5 per cent, on the other hand had more than one third of their total employment in services and commerce. The growth rates of the service sectors in all of these countries in recent years (including the United States) have nevertheless been faster than those for civilian employment and the service sector has been steadily increasing its share of employment. This means that by 1980, France will have 44.3 per cent of its employed population in service industries, Germany 44.5 per cent and Sweden 46.8 per cent and these countries will have attained the position of the United States in the early 1960's, in Italy, Ireland, Norway, Denmark, Netherlands, Switzerland, and the United Kingdom more than 30 per cent of the labour force will be engaged in the service industries, and only Austria, Portugal and Spain will have less than 30 per cent of their labour force in these industries.(2)

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(1) Victor Fuchs: "Report on the Growth of the Service Industries in the United States", table 2.

It appears that the rhythm of the production of goods and services varies enormously from one country to another. Lengellé put forward a tentative fourfold classification of the countries based on the proportion of the population employed in services and commerce. In putting this forward he was more or less postulating a theory of economic growth but it is essentially based on empirical models and as it stands it still needs more research.

Group 1: the agriculture-based countries now in the course of industrialisation where the growth rate of the tertiary sector appears to be slow. (Italy, Spain, Portugal, Greece and Turkey).

Group 2: the countries where the agricultural population has already shown a marked decline, but whose industrialisation does not yet appear complete. In these countries the labour force made available by the drift to the towns appears to have been spread evenly between industry and commerce and services.

(Partially industrialised countries - Norway, France and Holland, where there is a higher proportion in goods than in services but there is nevertheless an increase in services.)

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(1) Maurice Lengellé: "Growth of the Commerce and Service Sector in Western Europe", table 3.

(2) Maurice Lengellé, Ibid, table 3 (b).

Group 3: those countries where industrialisation seems to be complete and to have levelled off - at least as far as the distribution of the total civilian employment by sectors is concerned. In these countries, the labour resulting from rural exodus seems to have gone exclusively into commerce and services".
(Completely Industrialised countries - United Kingdom, Sweden, Switzerland, Benelux, Germany and Denmark.)

Group 4: Finally those countries where the agricultural labour force is proportionally very low, where the drift to the towns is very slight and provides only a small amount of labour, and where employment in commerce and services continues to increase but at the expense of industry. In these countries, a veritable industrial exodus seems to have taken over from the rural one in providing manpower for commerce and services."
Service Economies (United States and Canada). Here services provide over 30 per cent of the gross production and 40 per cent of the total employed labour force.

This classification is similar to that presented by other authors and is also broadly applicable to the United States where the pattern of growth over the last hundred years appears to have been:

(i) At first a steady growth of service employment relative to the total economy which was parallelled by the growth of industrial employment and a movement of labour from agriculture to industry and services.

(ii) By 1920 the pattern appears to be changing and while the movement out of agriculture continued, it went primarily to the service industries, while the industrial sector did not increase its share of the total employment and "the losses in agriculture tended to be matched by gains in the service sector alone".

(iii) Since 1945 the share of the industrial sector has declined and "there has been a tendency for the service sector to grow at the expense of industry as well as agriculture."

There are of course problems in applying this analysis to Europe. In the first place many of the basic statistics which were so necessary to the United States analysis are not available in European countries. A far more detailed breakdown of data on the quality of labour, its activities, trades, occupations, training and educational attainments is necessary. Furthermore, the scope and definition of national statistical terms differ not only between Europe and North America but also between European countries. This makes any kind of diagnosis or prediction extremely difficult and more information is needed to test European experience against that of North America.

Furthermore, when applied to the United States, the Lengellé analysis is misleading in one important detail. As the service sector has developed, the decline in the industrial sector has been essentially a relative one. There has not been an exodus or an absolute decline in the numbers employed in the industrial sector (unless for retirement or unemployment reasons). On the whole people have not left the industrial sector to find work in the service sector. The movement is only a relative one but it is an important factor, particularly for trade unionists, for the industrial unemployed are not taking jobs in the service industries to any considerable degree, and the services should not be seen as a source of employment for unemployed labour from industry.

This state of affairs posed a very real question for an active manpower policy - "to what extent can the United States' experience be used as a guide to future developments in other countries of OECD (1), and can it be used to predict changes in the distribution of employment."

Victor Fuchs stated:

> "I conclude that in broad outlines United States national trends over the past century conform to the pattern observed cross-sectionally for the OECD countries."

But he also put in a provision:

> "Before applying these findings (in the United States) to predict trends for individual European countries, however, it is useful to examine changes in sector shares for individual states in the in the United States".

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(1) Solomon Barkin.

The United States experience suggests that specialisation and regional division of labour may result in different countries taking different patterns of employment. This will also depend on the amount of economic integration that is found among the countries of OECD. Indeed if there were complete integration it is possible that the OECD countries could follow a different pattern to that of the United States in general and more like that of Florida or the West Coast states. But if there is no integration, then the countries are more likely to follow the general United States pattern.

As a result of applying the Lengellé scheme to the developments in the individual states in the United States, Fuchs concluded that:

> "The examination of trends in the industrial distribution of employment in the United States, both at the national and state level, provides qualified support of the Clark-Lengellé hypothesis, but also indicates that it cannot be used in any simple mechanical way for predictive purposes. Analysis of the state data in particular reveals the need for additional classifications and suggests that inter-regional specialisation and trade can alter the industrial patterns that accompany growth. It also suggests the importance of trying to understand why the distribution of employment changes, as well as simply extrapolating past patterns.

The second general conclusion (which can only be regarded as a possibility again owing to the lack of reliable information) is that even though there are considerable differences between countries in the pace and pattern of development there are also considerable differences between the various services. A hierarchy of services could be drawn up according to the growth rates of their labour force.(1)

(i) Rapidly developing services (over 6 per cent a year)

- Business services to firms.

(ii) Moderate development (over 3 per cent a year)

- Health
- Education
- Financial establishments
- Wholesale trade

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(1) Based on a survey made by Lengellé of annual growth rates in 10 countries.

(iii) Low development (2 - 3 per cent a year)

- Retail trade
- Recreation services
- Personal services (hairdressers, beauty parlours, etc.)

(iv) Static services (under 2 per cent a year)

- Hotels and Restaurants

(v) Declining services

- Domestic and household services.

These rates of development should be treated with some caution, especially as a particular service may be more or less labour intensive in one country than it is in another.

Self employment

It is very difficult to make an accurate assessment of the degree of self-employment (1) in the service sector, but one guide can be obtained by studying the share of the total labour force represented by wage and salaried workers. In Europe a survey of 8 countries showed that the proportion of wage earners in services was 86 per cent for the whole of civilian employment less agriculture and 86 per cent for services and 67.5 per cent in commerce.(2) In the United States a similar pattern is to be found with 87 per cent of wage earners in manufacturing and 87 per cent in the service sector in 1960 (3).

Although the number of wage earners appears to be lower in all countries in commerce than in services, when the two are taken together there are less than 75 per cent of wage earners in these sectors in France, Ireland and Japan, and over 80 per cent in Germany, Norway, the United States and Sweden. There seems to be a well established trend in Europe towards the same proportion of wage earning and salaried workers as in the United States.

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(1) Although the term "proletarianisation" was used in one paper to describe the trend towards an increasing proportion of wage earners and a diminution of self employed, it was not unanimously adopted, as it was felt by some members of the seminar to be not really descriptive of the process that was taking place.

(2) Maurice Lengellé: "Growth of the Commerce and Service Sector in Western Europe", page 41.

(3) Victor Fuchs: "The Service Industries", page 15.

What factors will determine the role of the self-employed in services in the future? Why should this decline in the numbers of self employed occur? One theory attempts to explain this by relating the desire to remain self-employed to the cost of doing so. There are some people who like being self employed and prefer it even in times of rising wages, but as wages increase so they have to balance the costs of remaining self-employed with their desire to do so. In the wholesale and retail industries also, competition from Supermarkets and other organisations has put hard competitive pressure on small traders, which has resulted in a narrowing of their margins, even below that found commonly in industry. The small trader, however, has little scope for increasing his productivity and as his margins decline still further he is forced into a wage earning job.

Government policies may also have a part to play in this. In the Netherlands the government is buying out self-owned shops and is using a retirement system to help to do so. Similarly in the United Kingdom the Selective Employment Tax of 1966, although not aimed specifically at the small traders, must put stronger pressure than before on them and reduce their margins considerably.

The trend towards a wage earning service sector is more pronounced in some industries than in others. In domestic service, education, and financial services nearly all are wage earning or salaried, while in health services, wholesale trade, recreation services and business services no more than three quarters are employees; but in hotels, cafes, restaurants and the retail trade less than three quarters of those employed work for a wage. This however, may be a simplification when applied to individual countries and industries. When a detailed examination is made of one service, further complications arise.

For example, only 22.5 per cent of the persons engaged in the retail trades in Belgium were wage earners, while in Britain there were 83.5 per cent.

Countries with more than 3/4 of the persons in retailing who were employees

Finland	80.5%
Norway	74.5%
Sweden	79.5%
United Kingdom	83.5%

Countries with between 1/2 and 3/4 engaged as employees

Austria	60%
Denmark	67%
France	51%
Germany	61%
Ireland	66%
Netherlands	51.5%
Portugal	52%
Spain	53%

Countries with less than 1/2 engaged as employees

Belgium	22.5%
Greece	26.5%
Italy	29.5%

The rate of the decline of self-employment also varies between industries. In business services, health, education and financial services - all of which are expanding rapidly and increasingly require the advantages that large scale organisation gives them - the proportion of wage earners is increasing rapidly while in domestic service the number of wage earners is declining.

It is hard to predict whether the decline of self-employment will continue. The increasing demand for services could result in an increase in self-employment, particularly in those services which lend themselves to small personal services and consequently to small organisations. On the other hand, the movement of women at an ever increasing rate into the labour force and its attraction for young people below the age of 20 years, could result in a movement the other way, as they are predominantly wage earners. In some services there is already a trend towards larger firms where previously it was thought unlikely, as in catering, and in cleaning services (especially of hospitals and offices in the United States). The growth of chain barbers and beauty shops is also a move in this direction. The personal nature of services and the essential quality of consumer-producer contact is unlikely to result in an entirely wage earning sector, especially while the demand for services keeps expanding.

The effect of the business cycle

The effect of the business cycle on the services sector is different in each country studied, but one common factor was that the sector is affected to a lesser degree than the manufacturing sector by such cyclical factors. In the United Kingdom employment in the Service Sector has risen every year since 1953 and the rate of increase appears to have accelerated in recent years. (1) In the United States also the rate of labour input appears to be less sensitive to cycles in the services than in the manufactiring industry. On the other hand in Germany and Italy, and possibly in France, employment appears to be more sensitive to the business cycle:

> "... it would seem that the labour force growth rate in commerce and services, apart from financial services, has been very sensitive in Italy and Germany to variations in the corresponding rates of output. Comparison of the rates suggests that the sector is even more sensitive than industry.
>
> For financial services, on the other hand, there seems to be no connection between the production growth rate and that of employment, as though external factors, such as the use of electronic equipment had been a stronger influence than the business cycle."

This needs to be looked at in far greater detail, for the periods studied in the European study were only 8 years which is half the length of the American one, which contained four full business cycles.

There does not appear to be any correlation between the growth of service sector employment and total employment.

(d) Reasons for the growth of the service sector

The shifts in the working population from one sector to another are difficult to explain and it is doubtful if one cause can be said to operate for all services in all countries.

Both Fisher and Clark tended to concentrate on the differences between the sector rather than on analyzing the reasons for the growth of the service sector. In doing this they emphasised sectoral differences in elasticity and productivity. Among some of the reasons put forward were:

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(1) "Manpower Studies No. 1," Ministry of Labour, H.M.S.O., London, 1964.

1. The elasticity of demand for services

This as often been thought of as a major factor. As income rises, the demand for goods and services also increases, but the demand for services is thought by some people to rise more rapidly than the demand for goods. It may be true that the demand for some kinds of goods, particularly food, may be more limited but this does not appear to apply to all goods. In the case of some luxury goods, as income rises people will demand more of them, e.g. specialised forms of motor cars, pleasure boats, television sets, rather than spend their additional income on services.

2. Differential rates of growth in services and goods

Observations seem to show that output per man in the goods industries grows more rapidly than in the service industries, although it is not possible to give positive proof of this owing to the difficulty of measuring output in the service industries. Since fewer men are needed to produce the goods in the goods industries, the remainder find their way into the service industries.

Victor Fuchs concludes that what has been important in the development of the service industries in the United States has been the faster rate of growth of output in the goods industries due to the use of better quality labour and more capital(1).

3. Differentials in labour prices

Growth may also be the result of changes in the differential prices of labour in the goods and the service sector. In the United States the price of labour has tended to rise relative to the price of capital and the price of unskilled labour relative to that of skilled labour. These price changes have also been different in the two sectors. In the goods sector wages have increased more than in services, possibly because of the growth of trade unions and also because of the impact of minimum wage legislation which did not apply to many service industries. The result of this may have been for the goods sector to substitute capital for labour (this would of course depend very much on the elasticity of substitution of the industries) and so to reduce the quantity of labour required.

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(1) Victor Fuchs: "The Growing Importance of the Service Industries",

Both the qualitative and quantitative importance of these arguments were in fact difficult to assess and it was pointed out that:

> "What is needed are some serious attempts to measure income elasticity of demand for various services, the elasticities of substitution between various factors of production, and the rates of technological advance in individual goods and service industries".(1)

IV. Structure of industry in the sector

(a) The enterprise

1. Organisation

The image of the typical enterprise in the service sector is of a small, owner-managed and non-corporate firm completel unlike what is commonly thought of as being typical of manufacturing industry. The unit of organisation and the unit of work should not however be confused is making this generalisation. Many services provided by government are usually large-scale in organisation while the work units are small. In education, the providing body may be the State or some smaller local body, but the schools will often consist of a small number of teachers in each work unit, although with the present tendency to centralise educational provision in fewer hands, schools and colleges are becoming larger. In health and welfare services a similar pattern again emerges, although here again hospital services are increasingly centralised in order to provide the many technical services which can only be provided in large establishments, while the development of group practices by doctors and the establishment of central clinics is also tending to make the work unit larger.Many private services are also small, as for example in the United States where in 1960 non-governmental hospitals had more than half their total employment in units of less than 500 employees.

In the wholesale and retail trade in Europe, which accounts for 12 per cent of the manpower, there has also been a considerable change of structure since the war. In retailing, which has for long been commonly thought of in terms of the small family owned corner store, the move towards bigness is really being seen all over Europe.

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(1) Victor Fuchs: "Growth of the Service Industries in the United States", page 22.

Table 3

Estimated Shares of Total Retail Sales by Type of Retail Organisation, 1960

(percentage)

Country	Estimated Shares of total retail sales made by				
	Consumers' co-operatives	Multiples	Variety chain stores	Departmental Stores	All other retailers
Austria	4.0	0.7	-	0.3	95.0
Belgium	3.2	2.7	3.5	4.6	86.0
Denmark	9.0	2.0	1.0	3.8	84.2
Finland	34.0	-	-	1.0	65.0
France	2.7	6.2	3.3	3.5	84.3
Germany	2.8	6.0	1.7	5.5	84.0
Ireland	3.0	5.5	0.3	4.2	87.0
Italy	2.7	0.1	1.6	0.4	95.2
Netherlands	2.0	8.5	0.5	3.8	85.2
Norway	14.5	-	-	0.3	85.2
Sweden	13.5	3.0	3.7	1.3	78.5
Switzerland	9.7	11.0	1.0	4.0	74.3
United Kingdom	11.0	20.8	4.8	5.0	58.4

Source: Jefferys and Knee: "Retailing in Europe".

Five main types of ownership emerge:

The Consumer Cooperatives are owned and managed by the customers locally. Each society is autonomous and only loosely federated to the Cooperative Union, and so they show wide divergences in policies, results, and of course, in size of establishments.

Owing to the nature of its ownership it is difficult to place the consumer cooperative movement squarely in either the public or the private sectors. It is, however, a major force in the retail distribution industry of several countries.

Table 4

Share of retail sales made by Consumer Cooperatives 1960 (1)

Austria	4.0%
Belgium	3.2%
Denmark	9.0%
Finland	34.0%
France	2.7%
Germany	2.8%
Ireland	3.0%
Italy	2.7%
Netherlands	2.0%
Norway	14.5%
Sweden	13.5%
Switzerland	9.7%
United Kingdom	11.0%

The table indicates that in 6 out of the 13 countries tabulated, co-operatives are responsible for over 9 per cent of total retail sales. In the United Kingdom they have second place to the multiples and their share of the total has dropped from 12 per cent in 1957 when they were responsible for 20 per cent of food retailing, 30 per cent of milk distribution, 10 per cent of coal and 10 per cent of dry goods distribution. Although there are some large cooperative societies in Britain (the London Cooperative Society with a turnover of over £60m in 1960 is by far the largest in the world) the majority of consumer cooperatives are small. The general trend is clearly towards a concentration of societies with fewer independent societies.

In 1962 there were 903 societies in the United Kingdom, but in 1964, although total membership had increased, there were only 839. (2) In addition to the distribution of goods, other services of a varied character are provided by not only the distributive societies, but also by societies separately registered for these purposes, the main ones being banking and insurance. Many retail and wholesale societies provide such services as laundering, hairdressing, catering and funeral establishments while some societies have combined to form associated laundry societies.

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(1) "Retailing in Europe", by James B. Jefferys and Derek Knee, Macmillan, 1962.

(2) "Report of Chief Registror of Friendly Societies 1964", H.M.S.O., London, 1965.

The Multiples tend to be specialist shops which limit their activities to grocery, footwear or clothes and where basic appeal in the past has been on prices. They have grown considerably in importance in the 1950's and in the United Kingdom and Switzerland are a vital part of the distribution system.

Table 5

Growth in the trade of multiples (1)

	Percentage of total trade			
	Year	%	Year	%
France	1950	4.5%	1962	6.1%
Sweden	1961	6.8%	1963	8.1%
United Kingdom	1950	21.9%	1961	28.9%
Canada	1951	17.9%	1961	21.7%
United States	1951	18.0%	1963	23.6%

Variety chain stores deal in a large variety of cheaper goods usually on large premises with staffs of between 50 and 100.

Department stores aim at bringing together a wide range of goods of different qualities and so they have a larger turnover and a larger staff than the variety chain stores. Since the war there have been amalgamations in these stores in the United Kingdom but this has still not provided them with the same buying powers as the variety chains, although some have combined for associated buying both in the United States and in the United Kingdom in recent years.

The independent trader is included in table 3 under "All other retailers". The importance of this form of organisation must not be discounted for in most countries except the United Kingdom, Finland,

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(1) Cynog Jones: "Report on Wholesale and Retail Trade".

and the United States, it is responsible for over two thirds of the total retail sales. In the United States in 1948 the small independent grocer handled 58 per cent of the country's business,but by 1963 the chain stores, most of them supermarkets, had taken over and were reponsible for 57 per cent of the business. (A supermarket is defined as a store with a turnover of at least 1 million dollars a year).

When compared with his larger rivals the small independent retailer suffers from two disavantages - he cannot employ such specialists as buyers, accountants and window dressers and he is rarely able to buy in bulk and so to obtain quantity discounts. He also often lacks sufficient capital to improve the standards of lighting and shopfitting. Some developments have been made which are to his advantage such as the setting up of Group Retailing and special manufacturer-retailer arrangements.

2. Structural changes due to technical change

Technical change in the service industries has also been responsible for widespread changes in retail distribution, the most important being the adoption of self-service in the grocery trade:

> "Self service has changed the nature of shop work and the labour needs of the trade and it also demands that the customer shall undertake part of the work previously performed by assistants. She makes her own selection and carries the goods to the check-out."(1)

In the United Kingdom the development of self service has affected only 15,000 out of 120,000 grocers but these shops are responsible for 40 per cent of all grocery trade. Germany has seen the number of self service food stores increase from 3,183 in 1957 to 53,125 in 1965; Sweden from 3,515 to 8,001; Netherlands from 726 to 5,194; and France from 663 to 7,885.

Even newer forms of selling are now being developed. Supermarkets which are prominent in the United States are finding their way into European retailing. These are described in the United Kingdom as "self service food stores with a selling area of at least 2,000 square feet, not less than three checkouts and space for goods other than food". In the United States they are "stores that sell at least a million dollars' worth of food a year". In 1963 such stores represented only 7 per cent of all grocery stores in the United States but accounted for 53 per cent of the sales and 52 per cent of the employees. Since then supermarkets have been opening at an increasing rate and it is estimated that by now 70 per cent of all food sales are handled by supermarkets. In Europe they are far fewer with a total of about 4,000 but they are growing in number.

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(1) Cynog Jones: op. cit.

Discount houses are yet another form of selling They have the advantage of far lower labour costs than conventional stores. In June 1965 there were 2,500 in the United States but they are only beginning to appear in Europe.

A more recent development in the United States has been the Discount Supermarket where sales have increased seven times in the last five years. They offer the shopper fewer frills and a limited range of items but a far larger cut in prices than ever before.

The mail order firm with its communicator "the catalogue" has developed since the war to a surprising extent. In Germany its sales are 4 per cent of the total retail sales but in the United States only 1 per cent, while in the United Kingdom it is 3.5 per cent, but it has a growth rate of 10-12 per cent.

Vending machines have also been far more extensively used in recent years and vending machine shops, which do not have to bother with shop hours or shift problems, have already begun to spring up in most countries.

The application of technology to services has also increased in the last ten years. Automation has been seen in shops with the use of punched cards and although used in the United States and France it has not been successful in the United Kingdom. Mechanised warehouses using punched cards, conveyors and computers for stock control are also widespread.

The computer has made its mark in the office, in banks and other financial institutions where it is used for stock control, bookkeeping, invoicing, billing, records and payroll operation. The banks have been the leaders in using them and surveys have indicated that in the United States 75 per cent of bank book-keepers could be made superfluous by the use of computers. In Germany, in 1963, 45 EDP systems were introduced in banks but by 1965 the number had gone up to 450. The recent development of the solid state transistorised computer which is often little bigger than an office desk, needs far less space in which to operate than the older EDP machines and does not require air conditioning, is changing the thinking of many businessmen and may bring even greater manpower changes.

School teachers are now using many methods and aids which were unknown even fifteen years ago. Teaching machines are said to bring automation into the classroom and so replace the "chalk and talk" of an earlier age, while programmed learning and the use of audio-visual aids have multiplied the effectiveness of the teacher and increased his productivity considerably.

The availability of capital sets a limit to the number and extent of innovations that a service industry can use, especially as so many of the providers are small or self-employed. The limited demand for a service will also at times make further capital investment unprofitable or unnecessary, but even so new methods and the increasing use of method study still have an important part to play in their development.

3. The small work unit

Whereas the organisations show a great variety of size and types the typical work unit appears to be uniformly small in the service sector. In the wholesale trade in the United States 47 per cent of the employees worked in establishments of less than 20 people while 93 per cent worked in establishments of less than 500 people. This was in marked contrast to manufacturing industry where 38 per cent worked in establishments of less than 500 and only 7 per cent in the smaller ones. (1) The typical shop in retailing is also thought of as being a tiny one employing at the most 4 or 5 people but even here "as costs rise, so does the point at which the operation ceases to be profitable. So one finds multiples closing their smaller branches and concentrating their business into fewer and larger businesses". (2) This is the continuation in Europe in the 1960's of a development in the United States in the 1940's. Technical innovations have played their part in this movement and many tasks which were previously done at the selling point, such as weighing and packaging, are now done either by the manufacturer or centrally by the retailer.

In such circumstances why should there be so many small units and firms in the sector and why should they continue to flourish, sometimes side by side with large units? A variety of reasons can be put forward for this:

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(1) Victor Fuchs: "The Service Industries".

(2) Cynog Jones: "Report on the Wholesale and Retail Trade".

- It is usually easier to enter a service industry than manufacturing or agriculture as it often requires far less capital.
- The chances of setting up on one's own are greater owing to the highly personal nature of many services.
- Many services retain the advantages of flexibility, which are so important under the highly competitive conditions found in many of the industries with their rapid changes of fashion, and so they are able to adapt to changing conditions.
- Small firms are often run by a working proprietor and his family, who may not be paid a wage, so that his labour costs compared with larger units are fairly small and he is consequently able to operate on a smaller margin.
- The technical advantages of size are still not important in some services, and in any case these can now be obtained by joining Voluntary Groups.
- The character of the demand in some services (particularly where it is specialised) determines that the operating units should also be small in order to cater effectively for it.

Population may be densely distributed, as in the United Kingdom, and so it enables small shops to survive side by side with larger ones as there are many potential customers within a small radius. In the United States where the customers are more widely scattered, the small store also survives but for different reasons. At one time the small shop supplied special goods while the supermarket relied on a rapid turnover of the normal day-to-day type of goods. Nowadays the supermarket has extended its range of goods and its turnover is not as rapid, while the small trader relies on a rapid turnover of a few items such as milk, beer, bread, which he sells often when the supermarket is closed. His sales-turnover ratio is now closer to that of the supermarket and no longer compares unfavourably with it. By changing his trading policy and his hours of work he has been able to survive within a highly competitive situation.

4. Mortality and turnover

The service industries seem to produce a higher proportion of optimists than any other sector. The number of establishments in most services have been increasing steadily in recent years, particularly in the private sector, while observers have commented on the way that shops in Europe rarely appear to stay empty for very long. The existence of an empty shop would seem to indicate that the business had failed and yet there does not appear to be a shortage of people who believe that they can succeed where others have not done so. This probably arises from the nature of the products of the service industries. The close customer-producer contact to be found in catering, domestic service, beauticians, hairdressers and retail distribution attracts many people to them who are firmly convinced that all that is necessary is an ability to "get on with people" to succeed and, that they have this facility. Many are rapidly disillusioned and, their businesses fail, but others just as rapidly come forward to take their place, especially when consumer expenditure is high.

An increasing number of smaller firms are also tending to become single generation units rather than family ones which are passed down from father to son. Retirement, death of the owner, competition from larger organisations in the same industry, an inability to adapt to changes in demand and a disinclination on the part of sons and daughters to enter services where the margin of profit is low, have all produced this state of affairs.

(b) The work force

1. Employment of women

One of the more obvious features of employment in the sector has been the trend towards an even higher proportion of women than is to be found in the other sectors. This may well mean that there is a move towards a balance of the sexes in the sector which is independent of growth rate of the sexes. An analysis of 9 OECD countries has shown that 51.2 per cent of the women in civilian employment were to be found in commerce and services while in the United State it was 48.2 per cent and in Canada 47.5 per cent.

In all of these countries the services and commerce sectors employ a far greater percentage of women than the economy as a whole. The data are all the more revealing in countries such as Portugal, Netherlands, Ireland and Norway where the percentage of women in services is far larger than the percentage in the whole economy. In the case of Norway for example, there has been until recently a marked reluctance to employ women on any scale, but in the last 3 years there has been an increasing interest in this section of the labour force.

Table 6

Civilian employment around 1960 (1)

		Total civilian employment	Females as % of total	Females in commerce and services as % of total in the sector
Austria		3,372	40.8	62.3
Denmark	1960	2,150	35.1	51.0
France	1962	18,715	34.2	54.2
Germany	1963	26,880	36.6	51.0
Ireland	1961	1,053	26.7	40.1
Netherlands	1960	4,396	25.0	45.6
Norway	1960	1,435	27.8	52.2
Portugal	1960	3,091	18.7	49.2
Sweden	1960	3,244	29.8	56.2
Canada	1961	6,049	27.6	47.5
United States . . .	1960	66,681	33.2	48.2

This same variation is to be found in the activities which attract women workers. In domestic service, health services and hotels, female workers form more than 60 per cent of the work force in most of the countries examined, while in education and the retail trade they form more than 40 per cent. On the other hand in recreation, business services, finance and wholesale trade the degree of feminisation is small, being less than 40 per cent - although in the wholesale trade and business and finance they are making marked inroads.

Yet another feature of the employment of women has been the rate of increase in the proportion of female workers in employment. When an analysis of growth rates is made, two groups of countries stand out:

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(1) Maurice Lengellé: "Growth of the Commerce and Service Sector in Western Europe".

1. Where the proportion of women in services has risen in recent years

Germany	+ 0.5%
Sweden	+ 0.3%
Denmark	+ 0.5%
Canada	+ 0.7%
Japan	+ 0.7%
United States	+ 0.8%
Ireland	+ 1.1%

2. Where the proportion has fallen

Turkey	- 0.1%
Netherlands	- 0.2%
Norway	- 1.0%
Portugal	- 0.3%

In the United States, Canada, Sweden, Norway and Denmark, the rate of increase of female employment in the services is no faster than in civilian employment.

In making any assessment of the situation, care must be taken in interpreting the statistics for they may conceal many features and so lead to wrong conclusions. When figures are produced for female employment by industry there may have been changes in productivity within the industry rather than occupational changes. For example, there could be an increase in productivity in the wholesale trade due to an improvement in the methods of materials handling by the men who are usually responsible for this, whereas there may be no change in the numbers of women in clerical work and this could lead to an increase in the ratio of females to males.

Why has this growth in female employment taken place? A wide variety of reasons are put forward:

- Many occupations in the service sector do not make special demands for physical strength and so women can compete on equal terms with men. In the United States "we find women holding one half of all the jobs in the service sector compared with one fifth in the goods sector"(1)

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(1) The ultimate effects of this simple change could be far reaching. Man's superior economic position has been based in part on his superior physical strength, which gave him an advantage over women in many occupations ... the advent of a service economy could make for greater equality between the sexes." (Victor Fuchs, page 24).

- There has also been a considerable increase in the number of married women working, partly because of the increase in the numbers of married women, but also because they are now more able to work after their marriage than in previous years.
- Outlooks and attitudes are different today to what they were. It is not surprising to find a high proportion of women in such industries as domestic service, traditionally a source of female employment, as well as education but an increasing number have found their way into business services.
- Owing to changes in the nature of many jobs as well as their work content, many have become simpler than they were in past years. This is particularly true of the wholesale and retail trade and has meant that the field of recruitment for labour has been widened.
- Increasing educational and training facilities has meant that many more women are now able to compete with men. This, it is thought, is probably more true of such countries as Germany and France and less of the United States and the United Kingdom where equality of educational opportunity has been practised for many years.
- Women have also become more closely attached to the labour force than in the past and are more willing to be trained and to interest themselves in occupations requiring a great deal of experience. In some cases they are also ready to take on jobs at low wages if the prospects are good and intend to continue working after marriage. Employers have consequently tended to look differently on their employment and so the type and number of jobs open to women has widened. Coupled with this has been a less antagonistic attitude on the part of some employers towards women in services.
- In times of full employment there is a shortage of labour in many industries so that they have had to draw upon a large reservoir of female labour.
- Many service occupations are traditionally female employing ones and in the present state of expansion of so many of them there is a demand for very much more labour than before. The expansion of educational services for example has meant an increased demand for teachers, and by 1976 it is estimated that an additional 200,000 will be needed in the United Kingdom alone (not all of these will be women). Similarly in other

welfare services, such as in health services, there is a demand for more and more nurses, not only because of the increased use of the service but also because of its increasing complexity.

It is difficult to summarise the pattern of female employment in the sector or to make general comments, but some industries are of special interest. The employment of women in the personal services is a distinctive feature of the sector and is well above the average for most European countries; and even in the United States the proportion to be found in this industry has increased in recent years. The following table gives some indication of what has happened in three countries.

Table 7

Employment of women in personal services

	Germany		Belgium		United States	
Domestic service . . .	1959	99.8%	1947	91.2%	1950	87.4%
	1963	99.8%	1961	88.5%	1965	97.1%
Hotels and catering . .	1959	75.0%	1947	53.5%	1950	50.6%
	1963	71.7%	1961	43.0%	1960	57.4%
Laundries etc.	1959	84.4%	1956	75.6%	1950	53.3%
	1963	84.7%	1964	73.5%	1965	66.0%
Barbers and beauty shops	1959	75.2%	1956	55.7%	1950	47.6%
	1965	81.2%	1964	62.5%	1960	56.9%

In domestic services the labour force is almost exclusively female while in other services the proportion is large and is higher in Europe than in the United States. The proportion of women working in hotels and catering is tending to decline in Europe and to increase in the United States but the industry still has a vast reservoir of labour on which it can draw, and in laundries the picture is the same. An interesting feature of this movement is that in the United States more than one third of the female work force in these industries consisted of part-time workers .

A similar pattern is to be found in education although there is a marked difference between Primary and Secondary education.

Table 8

The employment of women in primary and secondary education

Countries employing more than 50 per cent women in Primary education

Belgium	57%
Austria	59%
Canada	71%
France	66%
Italy	73%
United States	86%
Luxembourg	50%
Netherlands	51%
Spain	52%
Sweden	67%
United Kingdom	76%
Yugoslavia	58%

Countries employing more than 50 per cent women in Secondary education

Denmark	55%
France	51%
Italy	56%
United States	50%

From this table it would appear that in most countries the staffing of primary schools is largely in the hands of women teachers. In the United Kingdom more than 75 per cent of all full-time staff in these schools are women while 40 per cent of primary schools had no full-time male teachers at all.

The predominance of female workers is again to be seen in retail distribution although there are great differences in the numbers in various countries.

In Portugal they make up only 13 per cent of the total employed in retailing, while in Finland the proportion is 66.5 per cent; but in the Netherlands, Norway, Austria, Germany, Sweden and the

Table 9

The retail labour force(1)

Country	Proportion of persons in retailing who were employees %	Females as percentage of total retail employees %
Austria	60.0	50.5
Belgium	22.5	48.0
Denmark	67.0	43.0
Finland	80.5	66.5
France	51.0	43.5
Germany	61.0	54.0
Greece	26.5	15.0
Ireland	66.0	45.0
Italy		31.0
Netherlands	51.5	53.0
Norway	74.5	63.0
Portugal	52.0	13.0
Spain	53.0	15.5
Sweden	79.5	58.5
Switzerland	72.0	61.5
United Kingdom	83.5	60.0

United Kingdom there were more than 50 per cent. (There also appears to be a long term trend to increase the number of women employed and reduce the number of males.) This may be linked with the number of self employed workers to be found in these countries in the retail distribution industry, but Portugal is an exception to the rule because although only 13 per cent of those employed are females, 51.5% of persons in retailing work as employees. This was also thought to be linked with the lower standard of living in the countries which employed a small percentage in retail distribution,as there was less to distribute. In addition some allowance must be made for the inaccuracy of the statistics from some of these countries. An important factor is of course the mobility of female labour, and recent studies in the United Kingdom would seem to indicate that the proportion that remains in the same industry for any length of time is smaller than that for men although the amount of information was too small to make comparison valid.

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(1) Cynog Jones: "Report on Wholesale and Retail Trade".

Some employers are still hostile to women as employees and would prefer to use male labour if available and if suited to the job, with the result that there is still a tendency to offer women inferior jobs and lower wages and salaries. Such discrimination means of course that women will leave a job when it suits them to do so and this lowers the degree of their attachment to the labour force.

In spite of all this the overall picture is one of a sector which is relying to a considerable extent for its labour force on women. This of course brings with it many problems and implications which must also be faced in formulating any policy towards the sector.

2. Age structure

Very little information was forthcoming on the age structure of several service industries. It was however surprising to learn that in the United States there are proportionately more older workers in services than in manufacturing industries, even though one would expect a "more rapidly growing sector to attract a younger working force".(1) Whereas in the United States economy as a whole 4 per cent of the labour force were over the age of 65 years, there were 5 per cent in the service sector; similarly of those engaged in both sectors 41 per cent were over 65 years in manufacturing industry and 59 per cent in the service sector. This may be partly because of the opportunities for part time work which the sector gives.

In retailing in the United Kingdom, a large number of younger people particularly young women are employed in the industry, as table 10 indicates:

The industry would still appear to be one which attracts young women. It is one which can still require little training and can serve as a stop gap until many of them get married. On the other hand it also seems to attract a substantial number of older people and more particularly males in the 50-54 years age group and women in the 40-54 years age group. A two humped curve with a second peak in the middle period of life appears to be typical of the industry.

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(1) Victor R. Fuchs: "The Service Industries".

It would be of great value if information were available on the distribution by age groups of those employed in the service industries. In addition data are needed on the young people whose first employment is in services. In the United Kingdom some of this information is available in the Youth Employment Officers' report.

Table 10

Estimated numbers of employees in retail distribution in Great Britain

Analysis by age

(thousands)

Age group	Males	Females	Total	As % of all occupations	% in all occupations
Under 20 years	169	344	513	24.4%	12.4%
20 - 39 years	294	406	700	33.5%	38.8%
Over 39 years	341	539	880	42.1%	48.8%

3. Mobility of labour

There is a great deal of talk of the need for greater flexibility in the use of manpower and the present Selective Employment Tax currently in use in the United Kingdom has this as one of its aims. An adequate flow of trained labour is essential to any growing economy and the Lengellé scheme presupposes that there will be an easy flow out of the manufacturing and agricultural sectors and into the service sector. The extent to which this happened in the United States has already been seen. In France there is a steady outflow from agriculture of about 200,000 people a year into the secondary and tertiary sectors. Similarly in Belgium there is a movement out of agriculture and into the hotel and catering industries. In the United States there has also been a flow of labour into the service industries, although it is interesting to note that there has been no noticeable movement of those who are unemployed in the manufacturing sector into the service industries.

There are probably more changes of employer than of industry in the service sector. The worker may well move from one job to another while staying in the same service - for example, a welfare worker who is highly trained and specialised for a particular job, or a school teacher, or an entertainment worker - this kind of movement will not of course affect the overall job pattern. More far-reaching changes are probably found in those industries which use semi-skilled or unskilled labour and where training is reduced to a minimum, as in domestic work retail distribution and hotels and catering.

Some occupations, such as those of school teachers, provide a career structure with a hierarchy of status and rewards. Mobility in such jobs will therefore be upwards and sideways and only at times downwards. This is only likely in those services which are organised in large units and can provide the structure for such mobility to operate. On the other hand, other service trades, particularly those which require narrow specialised training such as chefs and hairdressers, may tie workers to narrow lines of employment. Some service jobs, particularly those which are seasonal or irregular or short term in their employment and so do not develop particular job skills or attributes, will create a high degree of mobility among their workers.(1)

It is significant that the mobility of labour in the wholesale trade is considerably lower than that in retail distribution. As some services are broken down into many semi-skilled jobs labour between them will become more mobile than before and women who may be shop assistants at one time may, after marriage, become auxiliary workers in education. The deciding factor in such jobs will probably be convenience and earnings rather than skill in any one particular type of work.

The degree of mobility and of possible redundancy and job insecurity shows great variation within the service industries and poses several policy problems in any manpower policy. It is probable that many job changes are unrecorded in the statistics as many employers in the service trades do not notify the central employment authorities of vacancies. This lack of data makes any assessment of mobility highly speculative and until more information is forthcoming, such basic decisions as the amount of mobility that is desirable cannot be taken.

4. Education and training

Training schemes are not common to all service organisations and it is not surprising to find that both methods and coverage vary considerably between industries and firms inside industries. The amount of training appears to depend on:

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(1) "Manpower Policy and Employment Trends", ed. B.C. Roberts and J. H. Smith. Chapter 6, in "Analysis of Labour Mobility", by J.H. Smith, page 95.

- The nature of the service

  Some are highly professionalised, for example, social workers and teachers, with carefully thought out objectives and well ordered schemes. Other service jobs are so simple as to require little training, while some involve an element of craft training, for example, butchers, hairdressers and garage mechanics.

- The size of the undertaking

  Many firms are small, often employing only two or three workers or confined only to members of the family so that their use of labour is insignificant and they cannot see the need for training. In any case such firms would not have the facilities to provide it. On the other hand large firms may organise their own schemes although there are many in this category which do not even do that.

- Geographical dispersal of work units

  Where work units, shops and offices are widely dispersed and isolated from headquarters and the training department, it becomes more difficult to provide adequate and sustained training.

- Organisational structure

  Where a company is divided into several easily identified departments, they can be made responsible for training within them.

- The purpose of the training

  It may be aimed specifically at management training as so much of the training in retail distribution tends to be in the United Kingdom. On the other hand it may be designed to train people for upgrading or re-demployment,or even to prepare them for some new techniques. When supermarkets were introduced into Britain, the Supermarket Association decided in 1963 to appoint a Training Development officer to stimulate training schemes and produce manuals for in-store training.

This arose out of the shortage of trained people which was not discovered until the rush to open stores in the early 1960's.

In the main, service training schemes can be divided into three basic types:

(i) Professional training. Many professional skills are general to the economy and require a minimum educational standard, but increasingly this is being supplemented by additional special training. Teachers, musicians, bank and insurance workers, welfare workers and nurses are all required not only to have a good general education but also specialist professional qualifications which are acquired by attending courses of varying lengths. It is claimed that some of this training is unnecessarily long and some re-thinking is needed to establish a more definite relationship between the training, the demand for the service and the numbers that are recruited. Already there is talk of reducing the length of courses for nurses but at the same time courses for school teachers in the United Kingdom have recently been increased in length to three years.

(ii) Technical and apprenticeship courses. These often consist of a mixture of formal training and on-the-job instruction. In retail distribution in Britain some companies organise their own courses which are sometimes tied into a formal career structure.

> "Most department stores have formal induction training courses usually the responsibility of the staff trainer, with further training being carried out by the buyer or department head. This is often less formal and may be less well organised as it has to be done 'on the job' as opportunity permits. The higher the level of training the fewer are the stores providing planned programmes, other than those of very large size. It is in such stores that the more sophisticated training methods are employed, such as programmed learning, but even then only occasionally; the same holds true for non-selling staff. A few department stores have apprenticeship schemes and these are used in most cases as a means of attracting young staff with a better educational background."(1)

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(1) Cynog Jones: "Report on Wholesale and Retail Trade".

In multiple stores the pattern is very different. Some do not have any schemes, others make it the responsibility of local managers, while others use visiting trainers who travel from branch to branch. Managers however are treated differently and "most multiple organisations have training centres at which branch managers receive instruction, but few conduct training centre courses for ordinary sales assistants."(1) The co-operative movement in the United Kingdom has the most comprehensive training arrangements in the sector, and arranges courses at its own college at local level using nine full-time Education Officers as well as correspondence courses.

Apprenticeships are used in some food crafts such as butchery and in mens' tailoring and footwear, but on the whole little systematic training is provided.

Manufacturers also provide some training in the selling and maintenance of their own products. In retail distribution in electrical appliances, radio, and television, cosmetics and carpets, they may consist of factory visits or at the other extreme there are factory-based courses on servicing and maintenance. Car manufacturers for example organise special courses to which trained mechanics are sent by local motor agents.

In the United Kingdom courses are also organised in a wide variety of trades at the local colleges of technology, which may or may not be sponsored by an industry or local dealers or trade association or a local education authority and which lead to recognised qualifications. The London City of Guilds has several diplomas for which teaching is conducted in several parts of the country. The catering industry, for example, the fourth largest in the United Kingdom employing some 750,000 people, has a great shortage of trained workers, and courses exist for hotel management, in catering and in waiting, in conjunction with a chain of hotels which incorporates two terms of full-time training and one term of practical work in a hotel. Courses and diplomas are also offered for nursery workers, office workers and library assistants, among others. Some of these courses are sandwich courses involving some on-the-job training and some classroom instruction, others are full-time classroom programmes of two or three years, while others consist of Day Release courses whereby employers agree to release employees for one whole or half-day a week to attend a local school.

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(1) Cynog Jones: "Report on Wholesale and Retail Trade".

In his report, Henri Ceuppens states:

> "In many countries there is at the moment a serious shortage of qualified personnel in hotels, restaurants, and similar establishments.
> Vocational training for skilled jobs and tasks in the hotel and catering industries and in similar establishments is systematically organised in many countries.
> Depending on countries and, often, in the same country, it takes one of the following three forms: on-the-job training, school training , and combined systems. The choice of one of these forms depends on the financial means available, the degree of development of the industry and the skills and educational level of applicants." (1)

Institutional training is also a feature of some service schemes under MDTA projects in the United States where in 1965 over 60,000 people were enrolled for them. This has proved to be particularly effective for young people with little work experience and for the long-term unemployed.

(iii) On the job training is the method that is used for a large number of service workers. The training of many retail sales staff is done in this way and is most unsystematic and often the only training given to an employee. This has the great advantage in most countries of being cheaper than other schemes, but it is doubtful if it is most effective one.

In the United States the government sponsors some on-the-job training for service workers to be employed as cooks, repairmen and hospital attendants, as a part of the MDTA projects. One of the big problems with this type of training in the United States has been job placement, but recently a big scheme has been started for training by on-the-job methods in 300 hospitals as well as another large scheme for the training of motor mechanics.

A similar picture is to be found in other OECD countries, but the overall impression that emerges is one in which far more training is needed which would cover not only management but all levels of service staffs. Shortages of skilled manpower are a universal feature of most services but as technology invades the sector so there will be a demand for higher basic educational levels on which to base any new expanded training.

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(1) Henri Ceuppens: "Report on Personal Services".

P.G. Thomas, in his report, states that:

> "The failure to provide adequate training in such a large number of shops (and it is not only the independent shops that are at fault in this respect) must make it likely that the standard of service in retailing falls below a satisfactory level. Equally important and regrettable is the fact that untrained labour is less productive than it should be; ... The general picture of training in the retail trade is therefore a somewhat discouraging one, with every possible variation in quality, content and method. There is little co-ordination between firms and sections of the trade, neither are there any agreed standards against which training programmes can be tested or measured." (1)

This is a comment on the retail trade in the United Kingdom but it is equally applicable to many services in most of the countries that were considered. Not all firms may feel the need to train staff and it may well be true that some unskilled jobs require very little instruction but adequate, flexible, training and retraining facilities are essential if the service labour force is to be made more productive and more mobile. But it should not be considered that this is a complete solution to the problems, for on its own it will only aggravate an already difficult situation. Adequate placement facilities, grants and other aids to help movement and more attractive wages and salaries are also necessary to smooth the way.

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(1) P.G. Thomas: "Governmental Manpower Policies in Retail Distribution in the United Kingdom".

B. PROBLEMS OF THE SERVICE SECTOR

As industry has developed there have been far reaching changes in the techniques that are used, which in turn have had a marked effect on manpower - its size and structure, the wages that are paid and the conditions of employment. In recent years the volume, accessibility and efficiency of service industries have increased considerably and, when coupled with a rising standard of living and a changing population pattern, have meant that the problems of manpower adjustments are even more difficult and more important than before. The time when adequate labour could be found which could expect to stay in the same job for a long time is rapidly disappearing, and there is a need for workers in the sector to become more mobile and flexible in their skills. But at the same time the need in a full employment economy to absorb and train new entrants and to retain those who are redeployed, while at the same time lessening the impact of technical change on the labour force, has become of great importance. Many tasks in services are being transformed while the absorption of increasing numbers of women, particularly married women, and young people into the labour force is changing its structure.

What are the more obvious problems which now face those working in the sector as well as those concerned with providing adequate services and protecting labour in it? What changes are appearing in the employment structure? What is the position with regard to the employment of women and part time workers? There is talk of labour shortages but how are they to be overcome? Are working conditions and hours likely to change drastically over the next few years. These were a few of the problems which the seminar was concerned with.

I. Employment problems

The overall position in the next twenty years was cogently put by Maurice Lengellé in his report when he said:

> "If the rates and proportions recorded for a dozen countries are extrapolated to all the European OECD countries (including

> Turkey), it can be said that the labour force in commerce and services will increase from its 1960 level of about 39 million to 49 million by 1970 and 60 million by 1980. In other words, employment in this sector is probably increasing by about 1 million persons a year in Europe and should amount in a few years' time to 1.3 million a year." (1)

This rate of growth will not of course be uniform over the whole of the sector

> "... it seems likely that between 1960 and 1970, commerce and services will lose each year about 90 thousand domestic workers, but will gain some 400 thousand workers in commerce, 390 thousand in health and education, 250 thousand in financial and business services, and 50 thousand in hotels and catering, recreation and miscellaneous services." (2)

In some services the present shortage of labour will be extended, unless more intensive attempts are made to recruit and train employees, while in others there will be a surplus of labour which will have to be redirected.

There are many factors which are making for the redistribution of the labour force between industries and between the sexes as well as increasing it. Every time a trade union pushes up the wages some employers will look for ways of reducing their labour requirements, and it would appear that the more aggressive and demanding unions become, the more efficient management becomes also.

(a) Labour shortages

One of the main problems of the service sector is said to be the shortage of trained labour.

It may well be asked what is meant by the term "shortage of labour". The seminar took it to mean the non-availability of qualified labour to provide a basic though adequate service which could be based on a certain quantitative measure, for example a particular student-teacher ratio. In the United Kingdom for example, regulations lay down that it should be not more than 40, but even classes of 30 pupils often make education difficult. Similarly, standards of number of patient beds per nurse are laid down for some health services. This is an imprecise measure, for it begs the question of the quality of the people providing the service.

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(1) Maurice Lengellé: "Report on Commerce and Services in Europe".
(2) Ibid.

The reasons for these shortages vary according to the industries being examined but in the main they are:

- Conditions of employment. Unsociable hours in the case of retail distribution, of health services and hotels make the work undesirable to many people. The arduous nature of nursing is also a factor.

- Wages and promotion prospects and the lack of a formal career structure in many services. Although wages in many services are as high as in manufacturing industries, earnings are far below the average. When linked with poor promotion prospects this becomes a formidable barrier to recruitment.
- Lack of adequate training facilities.
- The status of the job which at times could compensate for the low wages paid, e.g. domestic service.
- Lack of personal liberty as is found in so many personal services.
- The changing demand for a service which increases the demand for labour in it. In education, the increasing birth rate and consequent rise in the school population coupled with a demand for better standards of education are causing an increased demand for labour.
- Labour wastage due mainly to the high marriage rate in those industries where there is a high degree of feminisation.
- The image of many occupations has added to their unattractiveness in some cases. For example, large numbers of employees have withdrawn from domestic service for this reason, although the low rates of wages and working conditions have also been important factors as well.

In some parts of the sector, wages, hours, fringe benefits and other factors have proved to be highly unacceptable to many people and these have led to shortages. On the other hand, employers have been loath to improve any of these conditions for workpeople whom they would regard as unqualified to fully carry out the jobs. This is a vicious circle which needs breaking if anything is to be done about solving the shortages.

Some revision of training schedules, many of which are far too long and based on syllabuses which are now outdated, is suggested. Already there is talk of shorter courses for nurses in some countries, while the extended use of universities and training colleges to provide for four term years instead of three in the United Kingdom might also help.

There is a need above all to increase recruitment into some trades and here the acid test is considered to be the inadequacy of present salary scales, especially in those services which are not so susceptible to market forces in setting their remuneration. Many professions, when compared with jobs in the manufacturing industry, are far less attractive today than in the past. The days have long passed in many professions where salaries did not need to be so high because there were other privileges - security of tenure, holidays with pay, paid sick-leave and super-annuation benefits. Many others outside the sector now have the same benefits and so salaries have become more important. This is true of a wide range of service industries, for in many of them wages and salaries are far too low to be attractive to labour.

The need to attract back into many jobs the large number of women who have left in order to get married has already been realised. This demands not only better recruitment methods but also the provision of nursery and other services and re-training schemes. To some extent there is a vicious circle here, for the existence of more primary teachers depends on the provision of more nursery places and teachers.

There may also be a case in some services for further job simplification which would then widen the field of recruitment considerably. People who may not possess the necessary qualifications or the time for a long training course may be drawn to a job which is still within the field of their interest but at a lower level. The use of nursing aides and teaching ancillaries could relieve both teachers and nurses of many of their routine tasks, so that they could devote their skills to problems which would make use of their specialised training. In the case of teaching in the United Kingdom, the battle of teaching auxiliaries has been on for some time and qualified teachers object to the use of underqualified ones in the classroom, but they are now happy to welcome them to work outside it as laboratory assistants, librarians, meal and playground supervisors, and audo-visual aid mechanics. At times the chronic shortage of teachers in some areas has led to some ancillaries being used in the classroom, and teachers have objected to this on the grounds that professional standards and status are at stake.

Increased possibilities of promotion and some established career structure which would recognise experience and training would to some extent make up for some deficiencies in the salary structure. Already in some countries teachers are given special posts of responsibility which may prove to be attractive to many people. In the retail trades also, the full time workers will now have enhanced status and will need more specialised training for their additional responsibilities as they become a smaller proportion of the staffs of many shops.

The seminar was conscious of the fact that very little is known about these problems yet measures are devised to deal with them under the guise of policies which are in reality short-term expedients.

(b) Stability of employment

Yet another cause for concern is the instability of employment in the sector. The rate of labour turnover is exceptionally high in some parts of it. Although much of it is voluntary and self-induced a great deal is also the result of the nature of the service. Some services, such as hotels, tourism and entertainments are notoriously unstable. Musicians and actors are good examples of professions which are constantly struggling to maintain maximum employment opportunities but are constantly frustrated by technical change. Television has given new employment to some and pay television may increase it still further, but it has also reduced the demand for the service of many others for long periods at a time.

Some sustained action is necessary to improve the conditions of work in the services to provide stable employment and at the same time maintain and improve the quality of the services.

Not all the service industries suffer from labour shortages, for some, like the public entertainments industries - theatre, films, television and the concert hall, have a labour surplus. Changing public taste and new methods of providing entertainment have resulted in considerable instability in the demand for this kind of labour.

Musicians have long been worried by the effects of technology on their profession and have been faced with the problem of maintaining employment since the development of the gramophone. The post war use of the tape recorder with its capacity for almost unlimited secondary use of their work in shops, dance halls and even in juke boxes has meant a decreasing demand for their labour. Television has had a similar effect on films, actors and technicians, as well as on the live theatre, in both the United States and in Europe. This part of the entertainments industries has yet to reach stability for even the immediate future holds more threats in the form of colour television and the international circulation of television programmes, especially with the introduction of telstar.

The members of the seminar thought that there was little to be gained from fighting these changes, but there is a need to adapt the labour force to the new demands.

- There is a pressing need to ensure some continuity of employment or at least of remuneration for those in these industries. The answer is not to forbid the secondary use of recorded work but rather to make a charge for it and to compensate musicians and actors whenever a recording is played. A convention already exists to reserve recording rights but it has only been ratified by nine countries. In addition, in Germany a levy is made on all tape recorders that are sold.
- Alternatively, the money could be used to provide new employment opportunities in theatres and halls. This is being done in the United States where theatres out of New York are assisted. This would not only provide more employment, but would also help to develop public taste so that demand for the services of actors and musicians may be further increased. At the same time, this would be a means of providing training grounds for new talent and so broaden the base from which talent could rise. In the United States there is a shortage of string players in orchestras and money is provided by this means to set up schools to train them.
- Not all entertainment workers are in continuous employment. Some are more or less permanently employed with contracts which may last a year or more, while others have to rely on a wide variety of employment - a musician may be playing in an orchestra today, in a film tomorrow and in a string quartet next week, but is then unemployed for the next three weeks. This lack of stability needs investigating to ascertain if some means can be found not only of bringing them more into state security schemes but also of changing the nature of their contracts to give them the necessary security.
- In the case of technicians, their diplomas are not always recognised in other countries and this restricts their mobility and their opportunities for job finding. Within the EEC this is not a problem and already there is a free flow of

cine-technicians while attempts at the provision of international cards are also being made. Much of the opposition to the free flow of technical labour, it was pointed out, comes from the technicians themselves in the various countries who have been concerned to protect their own employment opportunities.

Yet a further method would be to provide government subsidies and so to create new jobs, or at least prevent any further decline. This is already being done in several countries, for example in the United Kingdom, the Arts Council has a grant of £7 million a year. The entertainment unions maintain that:

> "The best standards can be reached only when the profession is relatively stable and reasonably rewarded. Subsidies should be withheld from establishments which neglect their labour force. In Belgium the Entertainment Trade Union has recently strongly condemned the fractionalisation of the amount available for subsidies through giving grants to companies which neither offer guarantee of artistic quality nor give acceptable salaries and working conditions to actors."(1)

But this raises the question of the purpose of the subsidies. The seminar was most concerned about what should be protected - the labour, the service, the consumers, the quality of entertainment, or the future development of talent. It is essential when making subsidies to know clearly what the purpose is in making them. As yet the trade unions have not given this sufficient thought in making their demands for subsidies, while governments have been equally remiss when making the grants.

(c) Security of employment

The increasing turbulence of the sector is resulting in a demand for a large amount of flexibility in services and in their employees but how is this to be reconciled with the employee's desire for security? Some parts of the sector have long histories of insecurity and this is even now having a pronounced effect on the type of labour that is recruited as well as on its willingness to be trained. Although many countries are covered either by legislatively imposed redundancy schemes or collectively bargained ones, these must be extended to include as many service employees as possible if the industries are to expend effectively. To obtain the necessary labour they must obtain conditions which are no worse than those found in other sectors. Compensation is valuable but it can be little recompense for long years of service, and programmes of training and re-deployment may have to be extended. There is also a need to look at existing staffs at such times to see if they can be retained or re-deployed within the organisation as new skills emerge and older ones disappear. This however may be difficult in many services where the size of the typical establishment is small. The answer may well be to encourage the kind of job and geographical mobility among the less skilled workers which already exists among the managerial and professional groups. This in turn gives rise to many problems of placement and recruitment as well as training.

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(1) Alan Forrest: "Report on Recreation Services".

(d) Changing status

One cannot ignore the changes that have been taking place in the status that is attached to some jobs and services. The decline of the self-employed has meant in such services as retail distribution, that many people who at some earlier stage would have been small shop-keepers with the status that it carried, are now becoming shop assistants. It is an open question whether the present increase in the numbers of self-employed in the United States will also bring with it a group which is once more conscious of its status, and whether this can also be expected to take place in Europe.

Many of the service professions have also fallen in status and the antagonism of people in these professions to attempts to introduce helpers to assist in solving the shortages of labour is to some degree bound up with a desire to protect the professions.

Similar declines can be seen in many clerical and financial jobs and of course in banks. These changes are not only the result of a relative decline in the wages of these workers when compared with manufacturing workers, but also of the wider dissemination of so many of the privileges which they previously enjoyed. Increasing feminisation and job simplification have also played a part. In addition to this, more service employees are wearing uniforms and protective clothing, while their working conditions are approximating more and more to those found in factories with the use of rotas and shift systems. It should also be remembered that some jobs have enhanced their status, for example many retail managers now have greater responsibilities than before, have larger establishments to control and are expected to have a more specialised knowledge and to enjoy a higher standard of living.

(e) Migrant labour

The use of foreign labour in many services, for example in retail distribution and domestic service, where there is close contact with the consumer, would be difficult for language reasons. In professional services this is also often an obstacle, but the non-acceptance of qualifications in various countries forms an additional barrier. Some investigation into the use of international cards may be of value here, although the wide variations in the standards of competence that are expected in various countries may first need codifying.

In hotels and catering both in Europe and in the United States increasing reliance is having to be placed on migrant labour:

> "At present there are large-scale movements of workers in the hotel and catering industries between very many countries. The problems involved are often serious and call for a new approach to governmental responsibilities in respect of these migrant workers.
> A study of special problems raised by different social structures in the supplying and host countries is essential."(1)

But it should also be remembered that this mobility from one country to another is an essential part of the training of many people in this industry.

Some degree of job entry control may be necessary if only to protect home employment and the standards of the services that are given in some trades, for often migrant workers are prepared to work for wages and salaries well below those of the host country.

(f) Older workers

An increasing proportion of older workers is now to be found in the labour force of the service sector and Victor Fuchs commenting on the United States said:

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(1) Henri Ceuppens: "Report on Personal Services".

> "We also find proportionately more older workers in services despite the fact that the more rapidly growing sector would tend to have a younger work force."(1)

In the United States, 59 per cent of those over 65 years who are in the work force are to be found in services as against 41 per cent in goods. But when talking of the older worker it is customary to include not only the over 65 years group but far younger people in the over 50 years groups as well.

The state of the labour market with its shortages has improved the employment prospects of older people and especially of older women who form the major part of this group in services but there are still many obstacles to their employment:

- The prejudice of employers who for long have preferred younger workers, especially in offices and jobs which involved contact with the consumers.
- Employers have long argued that increasing age means decreasing efficiency but this has now been shown to be untrue, although the prejudice is taking a long time to die.
- Inadequate training, particularly of those who did not have a job earlier in their lives. This lack of training,due often to lack of opportunity in their youth,will in all likelihood be changed in the future, as services demand a higher basic level of education. But even so, it should be remembered that skills grow rusty with age and that there is still a need for some retraining for both semi-skilled jobs and for the professions before re-entry.
- Appearance was once a factor which prevented employers from engaging saleswomen but changing job methods in the retail distribution industry are making this far less important and so employment prospects are better.
- The older worker not only needs placing in a job but also some measure of security. They are often the ones who are made redundant when business falls off, particularly in the seasonal trades.

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(1) Victor R. Fuchs: "The Service Industries", p. 15.

- Hotels, restaurants, and distribution. Some means must be found of increasing the level of security and also of possible of fitting them into pension schemes and social security programmes.

The question of the older worker has attracted several studies in past years but it was obvious that far more needs to be known about this important part of the work force in services.

(g) Seasonal employment

There appears to be limited scope for the employment of casual labour in the sector and even this is confined to unskilled jobs, but seasonal changes in employment are far more common.

Some services are unstable by nature of their demand and, as they do not work at full capacity all the year, they cannot hope to carry a sufficiently large labour force to meet every contingency and so they must rely on large seasonal influxes of labour. In hotels, catering, and parts of the entertainment industry there is a summer peak and a secondary one at Christmas, while in retail distribution and hairdressing there is a marked Christmas peak. While it is true that some of these employees regard their employment as a means of supplementing their family incomes, many others treat it as their major source of income. There is a need in such cases to provide adequate income to cover the whole of the year, but at the same time there is a need to keep them as efficient workers. So the problem is not only one of numbers but also of the quality of labour.

The maintenance of a consistently high level of demand throughout the economy can assist in spreading the work load of some services. A prosperous manufacturing sector can give a continuous demand for many services. The extension of the holiday season would be of even more assistance in the case of some services and the development of new work schedules which provide for longer holidays and weekends in manufacturing industry may extend the season for hotels and caterers. Where this still leaves some seasonal unemployment the time could be used to advantage for training. Hotels for example could be used in the closed season as training centres but this would entail a great deal of co-operation between employers and training organisations and possibly some state assistance. Better placement could also enable some people to do two jobs at different times of the year so that the one complemented the other. What is required here is not so much assistance for the relief of poverty but rather positive employment programmes.

(h) Part-time employment

The problems of the part-time employee are extremely intricate and the seminar discussion showed that there were variations both in attitudes and experience between countries and services. The term part-time labour was taken to mean "work done regularly and voluntarily for a daily or weekly period which is considerably shorter than the normal working period".(1)

In France, part-time employment appears to be far less prominent than in most other countries, and the Fifth Plan makes little mention of any intentions to use it on a large scale. In the United States on the other hand, the March 1966 "Monthly Survey of the Labour Force" showed that 11 1/2 million part-time workers were employed. Of these 1.8 million were involuntary part-time workers, who would take a full time job if it were available or if one were offered to them, but 9.6 million were voluntary part-timers who chose to work for less than 35 hours a week for a variety of reasons - students who were unable to work in the day time undertook evening work, while housewives with family commitments were only able to work in the day time for a few hours at a time. A similar situation is to be found in the United Kingdom and in Belgium where a large part of the labour force consists of part-time women workers. Such employment is not new and has been a common feature of some service industries for many years, but in the post war period the demand for this type of labour has increased greatly owing to the expansion of services in a full employment economy.

In the United States there is a large concentration of part-time workers in retail distribution, domestic service, and hotels and restaurants.

In retail distribution Cynog Jones noted that:

> "There are wide differences in the proportion of retail employees who work part-time as the following shows:

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(1) Guy Sulter: "Report on part-time employment".

Table 11

Part-time employment of female staff

Country	Percentage of female staff working part-time
Austria	20%
Begium	5%
France	10%
Germany	
Small businesses	12% - 18%
Middle size businesses	18% - 22%
Large businesses	22% - 30%
Netherlands	3%
Norway	10%
Sweden	37%
United Kingdom	35%
United States	25% - 30% (1)

The part-time worker is likely to form an increasing proportion of the labour force in the future, and if the National Plan is to be fulfilled in the United Kingdom, then the service industries are going to have to recruit far more labour. The only reservoir that appears to remain is the married woman, who often prefers to work the hours that are convenient to her and so part-time employment is the answer. Similarly an increasing use is envisaged of part-time nurses in the United States.

Why is this type of labour being recruited?

- In some countries employers have found it hard to recruit full-time workers and so they have had to rely on part-time workers who have proved to be easier to recruit.
- Women workers have sometimes been unable to find full-time employment of the kind that would enable them to discharge their dual roles as housewives and employees and turn to part-time work as an ideal solution.

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(1) Cynog Jones: "Report on the Wholesale and Retail Trade".

- The expansion of some services such as retail distribution and the lengthening of operating hours has meant that:
  "... retailers have found it advantageous to use part-timers to match the varying trading peaks, thus (a) Midday peak; (b) Saturday only; (c) Late nights and (d) End of week peak (Friday and Saturday)." (1)

This type of working is resulting in many different types of labour being attracted to it:

- Married women, particularly those who were in employment before marriage.
- Those men and women who are unable to find other employment.
- The disabled who are unable to take up full time work.
- Students and older schoolboys and schoolgirls.
- Elderly and retired people.
- "Moonlighters", who work elsewhere during the daytime.

Some business firms farm out work to part-timers and even "self employed" workers but there is an increasing number of service employees who are undertaking work in their non-working hours. Already agencies for part-time secretaries have been set up in the United Kingdom which undertake typing and letter addressing jobs for an increasing number of employers. The typists who do this kind of work act as secretaries during the day and take up this kind of work in the evening in order to supplement their incomes. Hairdressers who work in salons during the day are increasingly providing similar services in people's homes in the evenings often at reduced rates. This kind of employment obviously has its dangers. There is little or no control over the conditions of employment and it forms a source of competition for full-time employees which is difficult to control. The answer to this kind of enterprise probably does not lie in government restrictions, for the wrong kind could so easily inhibit some people from necessary part-time work.

The seminar drew attention to the following problems:

- It is essential that wages and working conditions should not be in any way different from those which are given to the full time employee. If they were treated less fairly, then it could result in employer pressures on the full time workers and perhaps in their increasing replacement by part-timers. On the other hand to pay them more would be unfair to the full-time worker.

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(1) Cynog Jones: "Report on Wholesale and Retail Trade".

- The employer could employ a married woman in the day time and a student in the evening, in which case two part-time workers would be doing the work that should be done by a full-timer if he were available. In a full employment situation this is possible but pressure should be brought to prevent it happening where there is rising unemployment.
- The labour force could be devalued and the quality of the service reduced if the employer was forced by labour shortages to use underqualified or even unqualified labour. Where this type of labour is employed, efforts should be made to provide the kind of training that would equip them for the service and not reserve for them the more menial and unskilled jobs.
- Job security is a major problem especially among those who cannot do a full-time job but rely on continuous employment in part-time work.
- There is a need to ensure that this kind of employment does not lead to unemployment later. As long as there is no shortage of employment then this kind of labour can be encouraged, but if there is an abundance of labour then the employer should not be allowed to replace full-timers by part-timers.
- As a large part of this labour force consists of married women who work for one of three reasons; because they are bored; because they need the extra money; or because before their marriage they were trained for a responsible job which they would like to take up once again, it is dangerous to make generalisations or to think that one solution will be suited to all three. More study is needed to find out exactly the types of problems likely to be encountered.(1)
- In those industries which provide a seven-day, 24 hour, service part-time workers may be recruited to undertake the day time work, as for example in nursing in the United States. But care should be taken in scheduling the work that it does not have a harmful effect on the recruitment of full-time personnel who have to fill in the other work times.

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(1) A study is now being prepared by OECD on the part-time worker.

(i) Quality of labour

The quality of the labour force is important in all industries, but in the service sector, which relies so much on the personal relationship between the employee and the consumer it is of even greater importance. Snap judgements on movements in the quality of the labour force are difficult to make as quantitative assessments of the factors which contribute to the quality of the labour input have not been developed.

In talking of the quality of the labour force one must consider:

- changes in the educational input;
- changes in the careers structure;
- the type and extent of training;
- wages and conditions of employment;
- hours of work,

all of which have a direct bearing on it. These, however, vary not only with industries but also between countries which makes comparison doubly difficult.

There appear to have been considerable differences between the various countries in the quality of the labour in services but the overall impression is that it is not as high as before the war. This is thought to be especially true of the United States and the United Kingdom.

In retail distribution in the United Kingdom, wages and conditions appear to have reduced the quality of the labour while in the United States it at least has not improved as rapidly as that in manufacturing industries. Full employment, improved educational opportunities, increased job knowledge and better placement organisations have all meant that in the United Kingdom the bright young men who before the war took whatever jobs they could find now make their way to industry where the hours of work, the earnings and the status of the work are superior. The result is that those entering service industries tend to be less competent than those going into manufacturing industries.

Changing job content has also had a marked effect on the type of labour that is required. In retail distribution two distinct types of labour are now recruited - the management personnel of the future and the rank and file employees who may equip themselves for management by training in their spare time. This change has come about owing to the changes in retailing and as further changes are introduced it is possible that the two types will become even more distinct.

In professional, technical and managerial jobs higher qualifications are demanded than before the war and increasing specialisation has meant that these employees must become specialists themselves. Even so they are also being helped by groups of assistants teaching auxiliaries and aides, welfare aides, etc. In some professions standards of entry appear to have been drastically reduced, partly owing to the shortages of labour and partly because of increasing mechanisation which has enabled the use of less skilled people. The finance industries, and particularly banking, are examples of industries where they no longer expect to get the same qualifications as before the war.

Judgements of this sort which tend to generalise on impressions rather than data are of course open to criticism but it appears that the range of skills which is commonly found in manufacturing industry is not to be found in the modern service industry. The rise of two types of labour can be expected in the future. This does not, of course, mean that the standard of service will fall. The contrary is far more likely.

II. Training and recruitment

(a) Training

The situation in so many service industries today clearly shows the cost of not training entrants sufficiently well in the past. There is a need for more training, not only to satisfy the existing demand for labour and to improve the quality of services, but also to ensure that a good supply of competent labour is forthcoming in the future, for many of those now entering the sector will still be in employment in 2000 A.D. These however are not the only reasons for training. The turbulence of so many of the industries means that as their character changes so the type of labour they will demand will also change. To cope with such changes labour will have to be far more flexible than in the past. At the same time the speed at which services change will demand from them a considerable degree of occupational and geographical mobility, and retraining schemes will have to be devised to deal with constantly changing situations.

This raises so many issues; How many should be trained? Who is to do the training? Who should bear the cost? What kind of training is required and how much retraining is necessary? In order to answer these questions far more information is needed than was available to the seminar but some problems were seen to emerge more clearly than before.

In many services in the past training was not thought to be necessary and the employee was expected to pick the job up by doing it, but this is no longer true.

Not the least of the requirements is for higher basic education than in the past. In the United States the educational level of service workers has been significantly lower than that of workers in general, and in March 1964 the median number of years schooling was 10.5 years in services as compared with 12.2 for all employed workers.(1) As the services become more technical and the consumer demands an ever higher quality, so there will also be a need for even higher standards of education. This is needed to give the sector flexibility as well, and to enable married women to be more easily retrained when they return to the labour force. The more broadly based the training is the easier it will be to redeploy from one service to another.

In some cases there may be a need for courses in basic literacy as has been found in some of the MDTA schemes in the United States where one fifth of the service trainees had never been to school. There may well be a need to revise the training methods that are used for young entrants. Too often it has been assumed that they already have a basic education but some may also need new training devised to build up their morale. This points out the need to relate training not only to the job but to the type of people who are likely to be attracted to it.

Not the least of the needs is to look at people's pre-vocational background and not just at their educational attainments. In doing this we would be concerned with their potential and individual skills rather than with outmoded standards of eligibility.

A much closer look at the training that is given to girls in the sector is also needed. In the non-professional services girls have often been treated as a transient part of the labour force and many jobs have been treated as blind alley ones which would require little training. Employers are now becoming more interested in the quality of their services and therefore in training their labour, particularly as they are having to rely increasingly on attracting back to the labour force so many married women. This means that the better the level of training that is given before marriage the easier it will be to re-absorb them on their re-entry.

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(1) Victor R. Fuchs: "The Service Industries".

The use of aides and auxiliaries, who can assist the fully trained professional but who require far less training, is already giving rise to problems which are being faced in the United States under the various Economic Opportunity Acts and Education Acts. Although there is still some opposition to their employment in the United Kingdom some thought should be given to the training they shall receive. In Germany efforts are already being made to introduce new forms of nursing aides with shorter training periods and lower standards. In the United States the introduction of home samaritans in 1950 has brought into being a specialised group of service workers who can do the simpler tasks of nursing the sick and aged and who require a short training course of 168 hours. These are recruited from middle-aged housewives who as a rule work part time or a few hours a day. The annual intake at present is about 4,000.

The need for new types of specialised training and retraining is also emerging. In education for example, school teachers are being asked to use an ever-increasing number of new techniques and appliances which require far more training than they have been given in the past. Valiant efforts are made, but labour shortages make it difficult to release people from the labour force to acquire these new skills. Similar difficulties were encountered in training managers for supermarkets when they opened in the United Kingdom and crash programmes had to be instituted. The training of employees in highly mechanised offices is also of vital importance both for new entrants and for existing employees.

There may well be need to examine the length of the training period in some professions. There is talk of reducing the training period for nurses, while in the United States the National Board of Education has instructed the training colleges to arrange shorter introduction courses for persons whose educational qualifications meet the requirements for teaching but who have no actual teaching experience. These have attracted language experts as well as engineers and retired officers.

Where new techniques are being introduced there is a growing need for training and retraining in order to acquire new skills. For example, in Germany the banks are introducing Electronic Data Processing machines at an increasing rate. Whereas in 1965 there were 170, by 1968 it is estimated there will be 450 of them.(1) This means that some trades such as book-keeping and accounting will decline and other skills come into being. So the demand for training in the new skills will increase considerably. The need for customer guidance will, however, increase as more people use banks and other financial organisations, and special training will be needed in these new skills which will demand a higher basic education than was previously required.

In some countries efficient schemes are organised by trade unions, as in Germany, or by educational bodies as in Sweden and Austria. Apart from these, training is undertaken by many private profit-making ventures, while the larger companies also do their own training. A major problem concerns the problem of investment in training. How much should be allocated to it and how is it to be distributed among the various levels and types of entry? Decisions have got to be related to expectations and objectives regarding future employment and skill requirements. In education in the United Kingdom for example there will be a need within the next ten years for 300,000 extra teachers.

The argument about whose responsibility training is and who should pay for it has gone on for long enough. It is obvious that if the number and quality of services are not to fall within the next ten years, considerably more training is necessary.

(b) Recruitment

The need for better placement and recruitment facilities in the sector has become increasingly obvious. In a period of labour shortages employers have been only too willing to employ whatever labour they could find in some sectors with the result that the quality of services was in danger of falling. The difficulty of finding and hiring the right type of labour is made even more acute owing to the small size of the average working unit, and this only adds emphasis to the need for better recruitment. Many suggestions were put forward:

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(1) Gunter Volkmar: "Report on Banking and Insurance".

- Wherever possible existing workers should be retrained and upgraded, especially where new methods are endangering their existing jobs.
- Employers in search of labour and workers in search of work should be encouraged to make more use of government placement agencies which could make greater efforts to match technical competence, qualifications and employer requirements.
- Although a great deal of use is made of government placement agencies some members of the seminar were concerned at the increasing use of private agencies especially in the field of domestic, clerical, and entertainment services. There is little or no contact between them and the government agencies and few checks on their effectiveness. Some means of licensing such agencies and of dovetailing them into the government placement schemes could be examined.
- Recruitment without training is all too often a feature of the sector and was not liked by many members of the seminar, especially as so many jobs can so easily become blind-alley ones.
- It is often unrealistic to consider methods of increasing the supply of labour without some reference to the wages and conditions of employment. In many professions, such as school teaching, there is also an additional need to look at the status and the professional conditions of the jobs.
- Recruitment methods must also be fitted into the situation. In the United Kingdom considerable attention has been paid by the Department of Education and Science to the means used to attract married women back to school teaching and mature people to undertake a training course to become school teachers. Their methods have proved to be imaginative and successful in a sector where there is a chronic shortage of labour.

III. Wages and earnings

One of the most striking features of earnings in services has been the widening of differentials between this and the manufacturing sector. This has arisen partly because collective bargaining is weak in some services but also because of the multiplicity of employers and the low quality and untrained nature of much of the labour force.

It is difficult to give a detailed analysis of earnings and wages in such a large sector as the data is incomplete. In the United States and in the United Kingdom a detailed breakdown according to activity is made, but this is not easily obtained in most of the European countries.

The main methods of payment in the sector are:

- Weekly or hourly earnings;
- Tips or commission on sales with a low basic wage;
- A combination of wages and tips;
- An annual or monthly salary, which is usually to be found in the professional services.

Overtime and other premium payments are not made in many services, while in many service professions it is an even greater rarity, although where the trade unions have been most active - in retail distribution and clerical work - it is gradually being accepted. The development of shift work is also highlighting the need for extra payments in some services, such as in banks, where only token payments have been made in the past. The use of protective clothing is spreading even to clerical and banking employment, although in hotels and catering, and in retail distribution a uniform has long been a badge of office.(1) Fringe benefits, sick pay schemes, pensions, trade concessions and other privileges are to be found in several services and even more so in the professional services, but these are being extended to an increasing number of workpeople in manufacturing industries, and when they are linked with the low wages that are common in the sector are having an adverse effect on recruitment.

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(1) A recent survey in New York revealed that this could mean an extra £2 or £3 a week which would otherwise have had to come out of taxable income.

The picture that emerges is of a sector which has fallen sadly behind the manufacturing sector. In many parts, the wage rates are high in relation to manufacturing industry, but total earnings are low, as there are few opportunities to earn high bonuses or to work on incentive schemes. This is true for example of the retail distribution industry in the United Kingdom as well as other countries.

> "The Trade Unions were asked how wages and earnings of shop workers compared with those in industry, and they replied as follows:

Country	Wages in shops compared with wages in industry
Belgium	Lower
Denmark	Lower than skilled workers but higher than unskilled workers.
Germany	Lower
Netherlands	Higher for men over 35 and women over 30 years, but lower at younger ages.
Norway	Lower than in some industries, e.g. building or steel, but higher than in others. Female rates are usually higher than in industry.
Sweden	Males about 95 per cent of industrial wages. For females the wages are higher.
United Kingdom	Wage rates are higher than in some industries but earnings are lower.
Canada	Lower
United States	Lower. Until recently retailing was not covered by the Federal Minimum Wage Law."(1)

In the Swedish banking industry salaries are geared to age and education so that the final wage is obtained at 40 years. In Italy bonuses are paid in addition to the salary in the form of risk bonus, meal bonus, responsibility bonus, long service bonus, as well as cost of travel to work allowances. In the United Kingdom there is equal pay for men and women clerks at the age of 16, but in the early twenties discrimination sets in - at 22 years in one bank, at 23 in two others and at 24 years in two more, with a maximum salary at 31 years. When compared with salaries in most other services in the United Kingdom, bank earnings are well above the average, but they are not very different to the average earnings that can be obtained by manual employees in manufacturing industry. The earnings of female bank clerks, however, are considerably above that of female manufacturing employees. On the other hand some banks have non-contributory pension schemes and other fringe benefits that are not normally enjoyed by manufacturing workers.

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(1) Cynog Jones: "Report on Retail and Distribution Industry".

Salary scales have proved to be a barrier to recruitment in banks as well as in other services in the United Kingdom, while their very starting rates are far from attractive to young people. Many services have built-in career structures which promise higher earnings at a later age but this is often not fulfilled. If a more definitive career structure could be established and, what is more, adhered to, it would be of great value in recruitment.

Earnings in the entertainment industries can be very high for those at the top of their profession but most unacceptable for the very large number that are lower down. In addition, employees in these industries suffer from employment instability so that their total annual income is often very low, particularly in films and the live theatre, but in television where there is more permanency of employment the situation is better. Except for those who have long-term contracts with orchestras this is also true of most musicians. In order to attract the right kind of ability to this kind of work and, what is more important, to advance its levels, it is essential to develop new wage structures, which will give lengthier employment and more incomes.

The seminar was left with several questions which not only need further discussion but also more information.

- The general level of earnings in the sector must be acceptable and comparable to that in similar work in the manufacturing sector. But how is it to be done? By the use of minimum wage legislation? Where wages are set by law it is not uncommon to find, as in New York State, that several services (such as retail distribution) are omitted from it. Alternatively there may be a need for a great deal more collective bargaining? But is this possible in those industries which are made up of so many small employers? What new methods of wage payment can be divised to replace the existing commission or time payment systems? As yet there is insufficient evidence to say which is the better method in terms of efficiency of labour and labour turnover.

- What can be done in the way of providing more fringe benefits? Once again the small size of the average firms is against any private provision but there may be ways in which this can be arranged on a corporate basis.
- In order to attract labour of a higher calibre, some services will have to revise the internal pay structures. For example, the increasing demand for specialised management in the retail distribution industry is forcing employers to offer higher salaries, but as yet the market price in some industries has been slow to respond to the market situation. But far more information is required in order to make valid comparisons in this field before definitive statements can be made.
- In spite of the higher qualifications in both skills and education offered to women today, their wages and salaries still tend to lag behind those of men. Several equal pay resolutions have been made, but wages still tend to favour the men. In banking in the Netherlands and in retail distribution in the United Kingdom less progress has been made than in most of the E.E.C. countries or in Scandinavia.
- The freelance worker is a type that is special to the sector. Here there is a need to distinguish between the true freelance employee going from job to job and the semi-permanent one on short contracts. Trade unions often have to bargain for both types, but how is this to be done and what forms of contract are best suited to them to ensure a reasonable and stable level of earnings?
- The seminar considered the tipping system to be outdated and that it should be replaced by other methods of payment.

IV. Working hours

One of the more obvious features of the work pattern in the last hundred years has been the steady reduction in working hours in all sectors of the economy. This in turn has given rise to several problems of work programming, not the least being how to use expensive capital equipment for 24 hours each day. Manufacturing industry has solved the problem by the use of shift systems with rotas and premium payments to allow for any inconvenience to the employees. Some services, such as hotels and catering, hospitals and the recreation and the entertainment industries have long had shift systems as a part of their regular work schedules, but these have proved to be disadvantageous from the point of labour stability, particularly when coupled with the low wages which have been paid in some of them. A demand is now, however, arising for other services to be provided at extended hours, and the old relationship between working hours and operating hours appears to be breaking down.

> "One of the problems concerns the need for employment in services at hours of the day and days of the week when goods production and employment has been curtailed. The distinction arises because goods can be stored, both by the producer and the consumer. With services, on the other hand, the act of production and the act of consumption are usually inseparable. It is neither practicable nor desirable to attempt to limit consumption to the hours and days constituting "normal" working time in an advanced economy. The demand for medical attention, entertainment, fire protection, etc., cannot be confined to Mondays to Fridays, or from 9.00 a.m. to 5.00 p.m.
> When individual workers in the service industries could be expected to work very long hours or weekends, this did not pose any special problems. But as the weekly hours of service industry employment begin to equal those in the goods industries, new systems of work sharing and rotating shifts will have to be developed in order to provide the desired and necessary services on a more continuous basis."(1)

It is not surprising that employers are finding it increasingly difficult to provide services of a high quality at the times they are now being demanded and yet retain an effective labour force. Service employees are only too well aware that they already provide services at times when many in manufacturing industries are at leisure and they are demanding that they should not be expected to work for longer hours than other workers.

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(1) Victor R. Fuchs: "Report on the Service Industries in the United States".

This change in the work pattern can be looked at from three standpoints all of which pose difficult problems - that of the provider of the service; the consumer; and the employee.

Many managers and owners of shops in the retail distribution industry in the United Kingdom are against any further extension of trading hours as they have found in practice that very little extra trade is done as a result of it. While a shop stays open there will always be some people who will want to buy, but some managers feel that the inconvenience and the extra cost involved outweigh the extra revenue that is brought in. This same experience was found in France, where purchasing power is too low to allow late shopping to be profitable. In any case where it had been tried out, considerable friction had developed between the big shops and the small ones. In the United States on the other hand, experience is different. Small shops have found that by opening at hours when the larger supermarkets are closed and by supplying goods which are commonly needed and which have a rapid turnover they are able to compete with them. Prices in the small shops are higher than in the larger ones and so during normal hours customers do not patronise them, but in the late evening and at weekends many people are only too pleased to pay more for the convenience of buying at these odd times. Shop hours legislation would then work against the self-employed and the small store in such circumstances by increasing the trade of the large stores. It is not surprising that many small stores in the United States are open for up to 57 hours a week and probably do 75 per cent of their trade when the larger ones are closed. They are not only successful but are growing in number as a result of this.

It was further thought that the reduction in working hours in manufacturing industry resulted in more time being available for people to shop in normal working hours. In Denmark it was pointed out, the 1950 legislation has resulted in the education of the shopping population who have come to accept the new hours and to adapt their shopping habits to suit them.

Some criticism is made of extended hours on the grounds that they interfere with individual liberty to trade in your own business when you want to. Here again European experience and attitudes appeared to be very different from those found in the United States. It is the duty of trade unions in such a situation to protect their members from excessive working hours.

Legislation does not compel them to stay open but it allows them to do so if they wish. Provided it was not harmful to others, some members of the seminar felt that it should be allowed, especially as it could be beneficial to some people, in particular those who would like to work late hours or to shop outside normal ones.

Later opening also means that managers have the difficult job of arranging rota or shift systems. This is a viable proposition in large stores but not in smaller ones. In the United Kingdom, for example, the 1961 Census of Distribution showed that 49.8 per cent of all retail establishments employed less than two people and 76.8 per cent employed less than four, while only 7 per cent employed more than ten people. The typical shop in the United Kingdom is therefore a small one, and is quite often one which uses a large amount of part-time labour. In some shops it is not unlikely that the only full-time employee is the manager. It is therefore difficult to organise a shift system for it would mean that the manager has to be on duty for up to 12 hours a day. In the United States managers may be prepared to work these hours or are able to organise their business so that they need only be there to open and close the shop. This it was thought was less likely to work effectively in Europe, not only because of the large number of part-time workers but also because of the difficulty of finding and training staff who could be made responsible for the shop while the manager was away.

The situations in Europe and the United States are very different and a system which functions effectively in the one cannot be carried over into the other.

The consumer is said to be demanding these extra hours and Consumer Associations have been pressing for this for some time. But the question that really needs answering is whether the consumer really wants it and is aware of all the issues involved and whether he is prepared to pay the cost of the extra service. Extra labour will mean extra costs which will inevitably be passed on to the customer, but how is this to be explained? Indeed, will the average consumer be prepared to pay for the privilege of late opening, particularly as it will only be used by a minority of the community.

Not the least of the problems is where the additional labour is to come from? Several choices appear to be open to the shop managers. Existing employees could be asked to work longer hours for which they could be paid overtime. But the trend has been to reduce working hours and opening hours while at the same time increasing the wages paid. This appears to have been true of Denmark and of the United Kingdom, while a recent report on conditions in the United States indicates that in Detroit salaries have risen since 1960 by 80 per cent in supermarkets and 70 per cent in discount houses while at the same time working hours have been reduced. Alternatively, more use could be made of part-time labour in the evenings, at week ends or just at peak periods. Either of these measures will add to the cost of the service and will probably increase the price to the consumer.

The use of a large number of part-timers to supplement the labour force could be detrimental both to the employees and to the quality of the service. If only a few full-time employees were used, then this could weaken the bargaining power of those in the industry, as part-time workers are often less union-conscious than full-time workers. Their working conditions are usually not determined by collective bargaining and this could lead to a lowering of the rate of growth of real wages. There might also be a need for even greater vigilance by the trade unions and at times strong action to protect their members from the evils of excessive working hours. In France and other countries this could also lead to difficulties with problems of social security. Finally the quality of the service produced by part-time workers may also be lower as they may not have a sufficient interest in the job to be trained for it.

The introduction of shift work is also open to criticism. The fact that it is already used extensively in some services and in a great part of manufacturing industry is not an argument for its extension to other fields. Many services are already provided at unsociable hours and the introduction of a shift system could aggravate an already difficult situation. In addition the late opening of shops in city centres could mean that many women who work in them would have to travel home to the suburbs late in the evening. Many of those working shifts may well be married women and to encourage them to work shifts would not be in the best interests of the family even though it may be beneficial to their income. Some might argue that by working shifts, services can be beneficial and provide much-needed employment for a large section of the community, for students and women workers who need extra income.

Five-day working weeks are common in services in many countries but recently one grocery chain in the United Kingdom also introduced a five day operating week with one late night opening. The result has been that not only is it probably the most successful business of its kind in the United Kingdom but its labour turnover is low in a trade which is notorious for a high labour turnover, while a recent recruitment campaign brought unprecedented success.

Opinion is obviously divided on this point; some traders feel that it is imperative to keep open for several evenings while others are pleased that the law limits their hours, while employees are similarly divided.

Many countries have a considerable amount of legislation which regulates operating hours, while a recent White Paper in the United Kingdom which suggested the introduction of more flexibility nevertheless emphasised the need to keep statutory control of hours. On the whole it was felt that although the demand for more and longer services was feasible, some of it might arise from a desire to push consumption beyond existing needs. It should therefore be treated with some caution and a good deal more information is required before any real decisions can be made.

C. GOVERNMENT AND TRADE UNION POLICIES

I. Government policies

The extension of the activities of governments into the service field has been growing during the century and particularly since the end of the war. In doing this it has often influenced both the supply of services and the demand for them,and this has had far reaching implications, for the more the government participates in what were private services or even in new ones, the closer and more direct is its control over a rapidly growing sector of the economy. Whatever methods have been used, its activities have been increasingly affecting the working of the sector. At times this has been done directly by the government becoming the owner and controller of a service, at other times it has been content with being the supervisor of a service provided by another agency, but it may also be content with influencing the service as the chief consumer or buyer of service or through taxation or subsidies. Its influence has also been more indirect as the controller of an economy where, by stimulating or holding back growth and by its measures on the distribution of wealth, it has affected incomes and consequently spending on services. The kind of questions that should be asked are how far should this influence be allowed to extend? Are some services better suited to government ownership or intervention than others? How effective has it been?

(a) Measures to affect the demand for labour

These have tended to vary according to the extent of job shortages and to the amount of control which the government has over the economy. Not surprisingly they have taken several forms:

- Increased government spending on the services that it provides itself such as health provisions or education. In the United Kingdom increased expenditure on hospitals has resulted in the employment of 40 per cent more nurses and two and a half times more part-time workers than in 1942.

- Increased purchases of services provided by other bodies but for which the government is the main buyer.
- If the problem is one of seasonal fluctuations, which in some service industries is a serious one, then the government may provide loans or give special assistance to enable them to carry labour over the whole year. At times it can foster supplementary seasonal occupations which will tide the worker over the bad period by a system of redeployment or by promoting training schemes.
- Where new services are not emerging owing to a lack of organisation or initiative, then the state may become actively involved in job creation. In the United States new services and even new forms of enterprise have been created, often as a result of public enterprise, but these have been mainly in domestic service and maintenance where there is an increasing demand for labour, particularly as real incomes rise and the supply of labour remains low.

In these schemes the individual household,not the state,is the employer and the role of the government is to provide the organisation which makes such job creation possible.

Job creation is not limited to the unemployed but is also found where, because of a "tight labour market", there is a need to create new combinations of functions and duties that will permit less skilled people to perform work being done by skilled people who are in short supply.

Other forms of job creation in the United States have come within the ambit of special programmes. For example, the "War on Poverty" set up under the Economic Opportunity Act 1964 has created jobs for additional nursery school and kindergarten teachers, and for sub-professional teacher-aides as a part of "Operation Head Start"; while there is a secondary programme to provide work for the aged poor as "foster grandparents" for mentally retarded children and those from broken homes, and as home "health aides" to provide post-hospital care for aged patients. In both of these schemes job creation was incidental to the initial purpose but was nevertheless a valuable outcome of it. The Education Act, 1965, can also provide funds to reduce student-teacher ratios in schools and so provide additional jobs for school teachers.

> "Successful experiments with the use of low-income women as school aides in slum neighbourhoods have been conducted under older programs in Philadelphia and Pittsburgh".

Recent medicare amendments to the 1965 Social Security Act can also provide new jobs, although here the present low rate of wages will militate against any large scale job expansion.

The development of new services such as "school crossing patrols" and "meter maids" to enforce parking regulations as well as the development of non-professional help in museums, libraries and so on has given increasing employment to women in both full and part-time jobs.

The government may also co-operate with other organisations which encourage the development of services. In the United States the Department of Commerce is using consultants to examine the "possibility of organising new household service enterprises as subsidiaries or franchise operations of companies".

(b) Measures to protect labour

It is often difficult to distinguish between job protection and the maintenance of existing standards of service, particularly where these are affected by technological change. For example, in the entertainment industry there has been a long-established trend to replace live musicians with records and tapes in public places, in dance halls, discotheques, restaurants and even in broadcasting. This has resulted in severe unemployment for many musicians who have trained for many years to reach a standard of competence.

Since the end of the war several countries have used legislation to protect entertainment workers through performing rights legislation.

> "Mexican law grants compensation to performers in respect of the use of records in juke boxes. The new German copyright legislation makes a levy on all tape recorders sold". (1)

Only a small number of countries have adequate legal protection of this kind and the increasing use of tape recorded music in stores, in supermarkets and restaurants, and the growth of pirate radio stations would make this desirable. There is still a lot more work to be done in this field and very few countries have ratified the Rome International Convention on this kind of protection for entertainment workers. (These include Sweden, Denmark and the United Kingdom).

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(1) Alan Forrest: "Report on Recreation Services".

(c) Measures to encourage service industries

Subsidies are the most common method of protecting and encouraging the development of some services. This may be done because the service is desirable in itself and if subsidies were not paid it might become inefficient or possibly decline; or because it is thought necessary for a wider use to be made of the service; or often to maintain an adequate flow of skilled and trained labour. Subsidies are not difficult to justify, as public opinion now sets an increasingly high value on many services which the market may not be prepared to produce at an economic cost and so government intervention is accepted as a proper duty.

It has already been used in the declining film industry and is sometimes combined with the use of quotas or the public provision of finance as in the United Kingdom.

> "Most governments have assisted their film industries by providing either automatic subsidies or quality bonuses. A new Italian support system has been accepted." (1)

Subsidies have been paid to a wide variety of recreation industries "to particular theatre companies, opera houses and ballet, to orchestras and other musical groups". Here again the reasons for doing this may be both economic and cultural - to support a labour force and to promote high artistic standards among the employees as well as to further national culture.

Where a branch of the entertainment industry is in difficulties, government money may be used to subsidise it for a time with the hope of stabilising it and eventually of seeing it pay its way.

While subsidies are a valuable form of government aid to services, if applied indiscriminately they can lose their purpose. To obtain a good service it is essential that the labour force be not only well qualified and trained but also that it "should be stable and reasonably rewarded" and it has been suggested that subsidies should be "withheld from establishments which neglect their labour force." In Belgium the Entertainment Trade Union has recently condemned the "fractionalisation of the amount available for subsidies through giving grants to companies which neither offer any guarantee of artistic quality nor give acceptable salaries and working conditions to actors".

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(1) Alan Forrest: "Report on Recreation Services".

Another form of subsidy has been suggested by James F. Oates Jr. when he proposed in the United States an "outright cash payroll subsidy to employers who provide new jobs for young people at the minimum wage rates". This was not to be limited to the service industries and was hedged around with several qualifications - it should be limited to certain age groups and to new jobs, while firms should not be allowed to employ more than 3-5 per cent of their payroll on this basis. (1)

(d) Measures to improve the quality and mobility of labour

Any improvement in the general level of education in a country should improve the general level of the employees in all industries including the service ones. Many governments are making efforts to improve the quality of service labour by means of better training facilities and by improving placement and recruitment methods. By promoting training for private industries the government is really giving employers a form of subsidy. Several countries already have training schemes for industry although many of them are very limited in their scope. It was not possible to make a detailed survey of the training needs and the training methods that are to be found in the sector, which are obviously extremely varied in their skill and educational demands. In the United States a variety of organisations exist to train people for jobs not only in services but also in other sectors. Under a wide variety of programmes, such as the War on Poverty and the Education Act, special training schemes are already in existence. The Job Corps provides limited training for disadvantaged youths aged between 16-21 years, while under the 1965 Education Act and Economic Opportunity Act funds exist to train as teachers, women who have shown promise as school aides.

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(1) Public Policy and Unemployment: Payroll Subsidy for Youths. Speech at 34th National Businessmen's Conference.

The major part of the training for services in the United States comes under the 1962 Manpower Development and Training Act which covers living allowances and the costs of training for 52 weeks' occupational training plus 20 weeks basic educational training for those who need it. (1) Selection of the unemployed or under-employed workers for training is carried out by the local employment service which attempts to match them with jobs. In 1963 projects for training in service occupations accounted for just over 14 per cent of the 96,000 trainees, which is slightly higher than the proportion of service workers to be found among the employed population. The 1963 Report by the Secretary of Labour states.

> "The relatively limited institutional training schedule in service type occupations may be because the needed skills are quickly learned through some on-the-job instruction. It may be, however, that the service industries offer a fertile field for further exploration of manpower development needs - particularly in such rapidly expanding areas as health and education services".(2)

This does not include the training of clerical and sales workers which in 1963-4 accounted for a further 24 per cent of all trainees, which is higher that the proportion to be found in the employed labour force. In the case of service training, a large part of it has been on-the-job training after placement in jobs and the employer has been responsible for training his own employees while the government pays any expenses that are involved. This type of training is expected to grow in the United States, for not only is the cost lower, as subsistence allowances and expensive equipment are not needed, but there are fewer placement problems. A serious problem however arises out of the presence of a large number of small firms which are unable to provide systematic training facilities. In this respect the method used in the United Kingdom would appear to have overcome this, at least in part.

As a result of the Industrial Training Act of 1964 several Training Boards have been set up in the United Kingdom which are responsible for training. This was an effort by the government to get British industry to take training seriously, as very little progress had been forthcoming on any scale before the Act. The little that had been done was uncoordinated and relied very much on the initiative of individual firms or upon far-sighted co-operation between unions and employers. Major weaknesses in the existing provisions were that small firms did not have the necessary equipment and provisions for training, neither could many of them afford the cost of training their personnel, while many industries did not have minimum standards of achievement or qualification.

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(1) The average length of courses in 1963 was 23 weeks.

(2) "Manpower Research and Training Under the Manpower Development and Training Act of 1962". A Report by the Secretary of Labour 1964, p. 5.

The Act covers not only manufacturing industry but also banking, insurance, and the distributive trades. Industrial Training Boards can be set up for these industries with employers and unions being equally represented together with a number of education members. Discussions are taking place to set up Boards to cover Hotels and Catering and Distribution. As commercial and clerical staff are employed in all industries, the Central Training Council is making a study of training practices and will make suggestions to the Board. The Act specifies three main objectives:

- To ensure a good supply of properly trained men and women in industry.
- To improve the quality and efficiency of industrial training and retraining.
- To share the cost of training more evenly between firms.

Some financial assistance has been given to the Boards to help them get started but once they have got under way they must rely on the levies which are paid by employers. There is also a Central Training Council which can offer advice and help and which can draw the attention of Boards to training problems and priorities which are thought to be especially important.

Employers have the responsibility to keep records and make returns about the numbers of their employees who are being trained. The only other obligation on an employer will be to pay a levy to the Board responsible for his industry which fixes the amount; an employer who undertakes approved training will receive grants towards the costs of training. Up to now there have always been firms who have provided training but there have also been firms which instead of training workers have poached them from others. In a way the Act is a gamekeeper's charter, for an employer who does no training will receive no grant from the Board. It is still possible for a firm to do no training at all and the Act is powerless to make it do otherwise, but if a firm persists, then it will suffer financial loss because it will pay a levy and get no grant in return.

The Boards have made a very cautious start and in one case - the distribution industry - the whole concept of the training board has run into fierce opposition, and arguments about the definition of basic terms have gone on for some time. There are also 30 Government Training Centres soon to be expanded to 38, with 8,000 places a year in which men and women can be trained.

Courses have also been sponsored in the United Kingdom by special government departments:

- The Council of Industrial Design organised 15 courses for retailers in 1965.
- The Ministry of Labour offers instructor training courses in a wide variety of trades.

More recently there has been a widespread move to extend the use of "Day Release" courses under which employees are released from their place of work for one day a week to follow an approved course of study.

Table 12

Analysis by industry of young people released in the United Kingdom for day release courses, 1962/3

	Estimated Members June, 1962 (thousands)		Percentage released for courses	
	Boys	Girls	Boys	Girls
Distributive trades	124.7	225.1	7.6	2.3
Insurance, banking and finance	10.0	34.6	8.9	1.2
Professional and scientific services	15.1	36.5	30.5	24.3
Miscellaneous services	63.7	79.2	22.8	9.2

Source: Department of Education and Science

The table shows that only a small number are released from the Distributive Trades and the Financial Services for these courses. It cannot be argued in these cases that the reason is solely because the companies in the industries are small, and a report in 1964 sees the 1964 Industrial Training Act as a possible public relations device for increasing the number.

(e) Taxation as a measure of control

At times taxation has been used to protect jobs and selected industries, and at times to promote efficiency. By placing a levy on tape recorders in Germany the government has been protecting the labour in the entertainment industries.

Yet another form of taxation that can be used with effect is a Payroll Tax. This was put forward in the United Kingdom in 1962 and powers were taken which would enable a Minister to put it into operation and what is more to apply it to any one industry. These powers have never been used. In the United States it has been used since 1935 to finance social security payments. In the case of unemployment insurance it has resulted in,

> "tax that is highly regressive and that gives employers disincentive to take on new workers and an incentive to work the present work force longer hours". It has also "contributed to the presence in some high-wage service industries of a combination of high average wages and high weekly hours".

Changes in these taxes have now been put forward and are being considered by the Congress.

In April 1966 the United Kingdom government introduced a Selective Employment Tax which was to take effect on September 5th. Employers have to pay a tax for all employees for whom they pay a class 1 social security contribution. No employer is exempt and the tax is collected by the Ministry of Social Security at a rate of 25s. weekly for men, 12s. 6d. for women and boys, and 8s. for girls. Under the Act employers in manufacturing industries, in fishing, quarrying, mining, transport, agriculture, horticulture and forestry - but not service industries - are able to claim a refund of the tax and of a premium of 32s. 6d. for men, 16s. 3d. for women, and 10s. 6d. for girls. In addition a straight refund of tax is made to charities, and employers in private electricity and water supply industries while private individuals who have to employ domestic or nursing assistance may also be eligible.

The tax has been called "a bad tax clothed with good intentions" and to some extent this is true. Only one of its objects was to redeploy labour between services and manufacturing and by so doing to promote greater efficiency in the use of labour in services, for it was also hoped that this would slow down the growth of the services in the United Kingdom. It has been claimed that, as it stands, the tax is insufficiently selective and so is far too blunt to be effective. Furthermore, in trying to distinguish between services and manufacturing, on the grounds that the one is desirable as it contributes to exports and the other does not, it has oversimplified the position and failed to appreciate that often services and manufacturing are a part of one complex process. Few people would dispute that many financial institutions contribute to exports as much as many manufacturing industries, but under the Act they are to be penalised, while many manufacturing industries which might be both inefficient and not contribute to exports are to be subsidised. The tax also makes no concessions to the employers of part-time labour upon whom so many service industries depend. These employees are increasingly used at peak demand periods, at weekends and holiday times, and to help in the working of a shift system which gives many full time workers a shorter working week - all of which must promote a better service to the consumer. Many of these part-time workers are also married women who cannot work at full-time jobs but their continued employment now becomes questionable unless the cost of the tax can be passed on to the consumer.

The tax assumes that there will be an automatic "shake out" of labour from the service industries. This appears to be too optimistic as many of them have been suffering from staff shortages for some time. There is also the problem of the incidence of the tax, for once an industry has absorbed as much of it as possible through increased efficiency it will probably pass the remainder on to the consumer.

These are not arguments in favour of abandoning the tax, which could be a most useful device for improving the quality of so many services. What does appear to be needed is a more flexible approach and a little more selectiveness in its application.

Suggestions for extending the use of taxation are always being made and in 1964 at a Conference in Harvard, Mr. Oates proposed that income tax incentives could be offered to encourage the increased employment of youths.

"This plan would differ from cash subsidies because it would not offer incentives to firms not operating at a profit, and therefore not liable for income tax".

There is also a need to redefine the problems of the service sector in terms of stability of employment, of recruitment and training and of several practices as yet undefined. For example it would be of greater value if a special evaluation could be made of the training facilities and training needs of service workers which exist in member countries, at the same time considering them in the light of placement problems and the role of government in developing labour opportunities. What in practice is the measurable effect of each of these different methods on manpower development.

Manpower problems are expanding ones but unfortunately they tend to become lost in the structure of the sector. The question is whether this problem of definition is one for the government or for some other body such as the trade unions. As yet the trade unions do not appear to have looked at it and it would appear that it is for the government to do so.

The basic problem in many services which are considered necessary, but which the ordinary market price mechanism cannot provide, appears to be a shortage of qualified staff. To overcome this not only are training facilities needed but also adequate finances, which could help set up a salary structure and a career grade which would be attractive to the right type of labour. Where is the necessary extra revenue to come from? The state could be asked to provide more from its own sources or the consumer could be asked to contribute a part of the cost when he makes use of the service. Many interesting solutions have been proposed but only politics will decide this.

Where the government has been involved as a promoter of services it is essential that it should be clear what it was promoting - the quality of a service, the coverage of service, the talents and abilities of those employed or the consumer of services. What are to be the aims and limitations of governmental intervention? In deciding this the trade unions could be consulted so as to make the ends as much their objectives as they are those of the government. Whatever action governments take should not be done in haste - action should not be improvised to meet new situations - but should be part of an overall manpower policy.

II. Trade union policies

The changes now taking place in the service sector are of great significance to the trade unions. Not only do they provide new employment and union organisation opportunities but they also pose many new problems on which the unions have little information, and if they are to change their methods and policies a clear view of these problems is essential. It was clear from the seminar discussion that the old image of conservative unionism hidebound by a fear of unemployment was not applicable to most unions in the sector today. Mr. Cynog Jones saw nothing wrong with the increasing numbers employed in the service sector, "It is not a situation we should regret for we only get this expansion because of prosperity". Many unions welcome some of the changes that are taking place and are ready to assist in promoting those that result in an improved service, provided that they lead to a better standard of living for their members with greater security of employment. Some unionists saw in the changes an opportunity for their members to escape from the impersonal character of a great deal of modern industrial employment, but at the same time they realised that this must be accompanied by safeguards.

Among the more pressing problems are these of:

- union organisation and recruitment in a sector where the character of the labour force is changing,
- the changing role of unions;
- the need to reappraise wage payment methods as well as collective bargaining criteria;
- the special problems of part-time employees;
- the problems of training;
- the many effects of technical change.

In assessing union attitudes to these problems it must be remembered that their experience and objectives are different in various countries. What suits one country may not suit another. The differing social, industrial and political climates in the United States, United Kingdom and France significantly influence their attitudes and organisation.

(a) Organisation and recruitment

The problemsof organising workers in the service industries are not only different to those in other sectors but are more complex owing to the nature of the jobs and the more varied and fluid workforce that is to be found in many services. The main obstacles to union organisation arise from:

(i) The large variation in the size of firms and the proliferation of small firms in some service industries;

(ii) The diffusion of ownership among private profit-making ventures and non-profit making and state or municipal enterprises;

(iii) The sharp division of the workforce into professional services which require specialised training, with all that it implies in terms of status and common identity, and the wide range of skills found in others from the crafts of hairdressing and store managers to shelf fillers in supermarkets;

(iv) The large number of women workers and part time employees;

(v) The seasonal nature of some services with the subsequent mobility of the labour force which make continued union membership difficult;

(vi) The trend towards increased self-employment in such countries as the United States and the entry of people from the agricultural sector in France with the high premium they place on individuality and freedom.

(vii) Conditions in some labour markets are less favourable than in others to their organisation in unions. Employment opportunities may be expanding but the attitude of many to their jobs does not incline them to join trade unions.

The number people who are organised in trade unions is of course not a complete measure of their importance, but unions now are more important than at any time in the past.

The degree of unionisation is small in the sector as a whole although there are some industries and countries in which there is a high degree of union organisation, such as in the education services in both the United States and the United Kingdom. In the United States for example, 90 per cent of the teachers in public schools are enrolled or affiliated to the N.E.A. or its affiliates. The most rapidly growing segment among trade unions in the United States since the end of the war has been the service one. The American Federation of Teachers and the American Federation of State and Municipal Employees have both made substantial advances in organisation. It may well be argued that they are not trade unions in the ordinary sense of the word but they are taking part in collective bargaining. In retail distribution in the United Kingdom unionisation is high, especially among employees in large stores, but in the smaller ones it has been found difficult to organise the employees, particularly as many of them are part-time women workers.

The question was asked whether the need for unions will become less as the service industries expand. Some economists think that this is the case, but the seminar felt that the unions will have a greater role to play as expansion takes place. The increasing number of part-time workers, many of whom are only too willing to strike individual bargains, often to the detriment of full-time workers, and the growing pressure to extend the operating hours in some services demand that unions become even more vigilant than before. There is also a shift taking place in the labour market towards the non-manual and professional employee, but will this mean a move away from the trade unions? Some economists believe that as the trade unions decline so professional associations will take their place. On the other hand these associations are increasingly acting as trade unions and are becoming involved in collective bargaining, and while thay may think in terms of sanctions and not strikes, members of the seminar felt that the differences were extremely tenuous.

A very large proportion of white collar workers are neither in unions nor professional associations and there still remains the big problem of persuading them of the need to combine. Many have long considered themselves to be close to the management and indeed some have in the past tried to create an aura of exclusiveness around their employment which has been helped by restricting recruitment to a specific strata of society. The old nine to five life at the office, with extra hours without extra pay whenever they were asked, is gradually fading away so that staff workers are fast acquiring manual worker status. In the United Kingdom the Shops and Offices Act, which lays down minimum standards of working conditions, and the spread of shift work is pinpointing the need to negotiate better conditions. Office workers are now realising that their employers are treating them as employees and not as professionals. They are also increasingly aware that they cannot obtain results by their own individual efforts, that they have a right to negotiate better wages and conditions and that this can best be done through collective bargaining. So, to be really professional needs a high degree of organisation. A major problem still remains - that of persuading them that they can obtain better conditions through unions and yet retain their individuality and belief in their service on which they place such a high value. As Victor Fuchs pointed out:-

> "To the extent that groups of teachers, doctors, nurses, etc. adopt a business union attitude towards bargaining with their employers they may jeopardise their professional position and call into question the special authority and rights that the public has conferred on such occupations. This is not to say that teachers and doctors should receive less than a fair wage. But there does seem to be a need to develop methods of collective bargaining and wage determination that do not interfere with the effective delivery of essential services."

The seminar thought that this strengthened the case for further unionisation and that only by participating in the policy and decision-making machinery through unions could they really promote their services.

Is it possible to develop structures which will meet the existing professional feelings of status and difference? If such a structure is found, it could well be a jumping off point for further unionisation. Two other problems influence non-manuals in their decision to join unions. The first is the use of sanctions, for they have shied away from the use of power and the notion of conflict. But this is now disappearing.

Secondly there is an aversion to affiliation either to some central union organisation or to international bodies. Objections are often negative ones either against the central organisation or the types of unions already affiliated to it, but the increasing necessity to co-operate and combine is eroding this.

Past experience has shown that to rely on professional associations which refused to exercise union functions rather than on trade unions just has not worked, and that in time they have had to change their tactics. The intention should therefore be not just to organise the large number of white collar workers but to persuade them that in their own interests their organisations should aim at full employment, job creation, and collective negotiation of contracts, which are the objectives of properly constituded trade unions. But even when they are organised there still remains the problem of recognition by the employers. Many service industries have long been bulwarks of anti-unionism and this barrier may well prove to be most formidable. For example in banks and insurance in the United Kingdom the struggle to obtain negotiating rights which workers in other sectors obtained a long time ago is still going on.

(b) The role of service trade unions

An important consideration is the role of unions in this changing and turbulent situation. Already there are signs that existing trade unions are shifting from protest organisations to administrative unionism. For example, in Belgium, some service unions are involved in discussions with politicians on Committees on Prices which must authorise any changes. The unions in such a situation are protecting the consumer against any organisation that wants to raise its prices, but at the same time they protect their members and indirectly the quality of the service against a government which wants to keep prices too low. Similarly,the retail distribution union in the United Kingdom (U.S.D.A.W.) is represented on many governmental committees and commissions including the new Training Board.

If the unions consider their position as a protective one, they must first decide what they are trying to protect - their members, the consumer or the service itself? It is essential that they should decide on their priorities before they formulate policy. For example, are the entertainment unions mainly interested in ensuring that their members get full and adequate remuneration together with full employment, or are they intent on encouraging new skills and new talent and the flow of young actors, musicians and technicians to the field?

As so many services are provided by state or other non-profit making agencies should we expect the unions in them to have a different role to those in the profit sector? For example, should they have a part in formulating policy and developing the administration as well as seeking improvements in wages and conditions?

But trade unions have a social role to play as well as a negotiating one. In the service sector there is a large and pressing need for the unions to agitate for new social laws which will set new labour standards in the industries. In doing this they will give a lead to countries, such as Greece, and Southern Italy, which although not industrialy developed have important tourist and other service industries.

(c) Wages

Trade unions in the sector are concerned with maintaining full employment for their members, and a rising standard of living as the sector expands. Not the least of the problems peculiar to the sector is the low general level of wages in some parts. Employers claim that wages are low because the quality of labour is also low and untrained. Unions, their leaders believe, should therefore constantly push up wages not only for the sake of their own members but also because a rising wage bill will force employers to reconsider their working methods, and so improve their efficiency and avoid the overmanning which cheap labour encourages. High wages would attract the better sort of labour and so improve the quality of their services as well as encourage more training. It was also realised that union pressure to raise wages could lead in low density areas to the use of cheap labour, and so this policy must be accompanied by more intensive recruitment campaigns.

Some concern was also voiced about the low earnings to be found in some industries. In the United Kingdom, wage rates in retail distribution are equivalent to those in manufacturing industry but earnings are considerably lower. There appears to be a need to devise new payment methods to remedy this, for example the use of high wage rates plus a bonus on overall sales but not an individual commission on personal sales. But what of those services where there are few possibilities of increased sales or higher profits? Tipping was most certainly not acceptable to many unions who emphasised the need for a higher basic wage, but as yet this has not been forthcoming and so this degrading system is retained.

The problem still remains however of who is to take the initiative in introducing new methods. The need for new types of contracts is also evident in the entertainment industries. Employment and wages are already being regularised for those working in television and radio where job evaluation and a codifying of labour procedures is taking place, but wages and earnings are lower than those found in other industries. On the other hand in film making, the theatre and the concert hall, wages are very much higher when work is available. Employment in these industries is irregular and many employees have to work excessive hours when employment is available in order to achieve a reasonable standard of living. Pension and social security provisions are also incomplete for this class of employee and one task for the unions is to regularise this. Some form of international study of their problems is needed to help the unions concerned to devise some new systematised method of payment.

Several international conventions have been agreed, yet women in all parts of the service sector still receive lower earnings than men. This is not so much due to the unions but rather to the attitudes of employees and of women workers who until recently have been unwilling to undergo training and to enroll or be active in collective bargaining organisations.

(d) Collective bargaining

The unions are faced with two bargaining issues:

- The lack of collective bargaining facilities in some industries,
- The need for new criteria.

In the United Kingdom some service industries such as hotels and catering are covered by Wages Council Orders which enforce a statutory minimum wage, while in other countries minimum wage laws provide a basic level of wages but there are large areas of the sector which lie outside this. Facilities for collective bargaining are especially lacking in banking and finance and in the services where small firms predominate, in retail distribution and some personal services.

This weakness is due not only to the nature of the industries but also to the attitude of the employers. Where there is no tradition of collective bargaining and more particularly where the typical firm is small, conditions are unfavourable to the development of collective bargaining organisations. One of the great stumbling blocks has been the attitude of the employee, especially the professional worker, but he is now turning to Professional Associations which he expects to bargain for him.

The criteria of collective bargaining tend to vary according to the ownership of the industry that is being considered. Where the small firm is characteristic of the industry this is difficult, unless the owners are collectively grouped into some form of organisation. In many community services where the profit motive is absent, unions are also unable to use profit as a counter in bargaining. This should not be taken as meaning that collective bargaining is unnecessary in such circumstances but rather that different criteria must be adopted - comparability, rising costs and standards of living are among the older ones which have been used. But has the time come for the unions to settle with employers on some other more acceptable criteria and what should they be? Also are the issues of professionals in the service sector likely to be different from others and is there a need for different types of agreements?

(e) Security of employment

In spite of expansion and growth the sector still has the problem of unemployment and in some countries it is above that found in other sectors. Trade unions must still concern themselves with means to regularise employment for their members. Not every country has a national redundancy scheme to soften the effects of labour displacement wich in some cases is left to collective bargaining. Even so compensation is little recompense for years of service and more positive action in the form of tax rebates and schemes to encourage mobility is needed.

The high labour turnover, mortality of companies and seasonal fluctuations in employment are also matters which need more definite union action. It was thought that the holding of two jobs by some people in times of unemployment should be resisted and what work there is should be made available to full-time employees and part-time workers should be laid off. The problemsof the part-time worker should be more closely studied by unions and some members of the seminar felt that they should benefit from the same conditions of employment as other full-time workers.

(f) Working hours and operating hours

A development which has caused great concern to retail unions in Europe has been the pressure to extend trading hours that is exerted by consumer protection organisations, a few economists and the more aggressive traders. In Europe, where so many shops are small, this could lead to a lengthening of working hours at a time when those in manufacturing industry are getting shorter and so the unions are resisting all proposals for later closing.

Shift working is often put forward as a solution, but whereas this may reduce overhead costs it would also lead to an increase in direct labour costs as a result of the employment of more labour and the payment of shift premiums. Who is to meet this extra cost? The unions,job is to protect their members and they believe that if the consumer wants the shops open for an excessive number of hours then he has got to be prepared to pay for it and not expect the employee to pay by working longer hours. The unions are also concerned at the social effects of shift working on family life and the tendency for some employers to use part-time workers for the mid-day shifts and leave the more unsociable hours to the full-time employees. There is also union opposition to the use of overtime for existing staff in an effort to cover the extended hours, as they are already perturbed at the disguised overtime which is prevalent in some firms.

The trade unions are as interested in providing an efficient service as the employers but this should not be done at the expense of the employees. It should be recognised that the problem is however complicated in various countries by such factors as bargaining power, the law, and problems of social security as well as the varying powers of unions to enforce the laws. If hours are to be extended, then other changes in working conditions are also necessary in order to ensure that neither the quality nor the quantity of labour is impaired.

(g) Part-time employment

The rapid expansion of the sector has necessitated the increasing employment of part-time workers and the unions have had to come to terms with this although organisations, experiences and policies have tended to be highly variable in the different countries of OECD.

It was commonly felt that part-time employees should belong to trade unions, as this was the only way in which they could obtain for themselves the same advantages as full-time members. Furthermore by remaining outside the union they could be a threat to the bargaining position of the full time employee, especially where they accepted conditions of employment which were less favourable than those commonly found. In some cases there is also a possibility that by their actions and attitudes part-time workers could initiate a trend which would not only run counter to union policy but would be a danger to it. In France it is often difficult to organise the full-time workers let alone part-time ones, whereas in retail distribution in the United Kingdom they are being drawn in by the use of special contributions which nevertheless give them equal union rights. The unions must then have an obligation to protect the part-time worker in collective bargaining just as much as the full-time one.

Once in the union are they likely to be active in it? In the United Kingdom the experience of the shopworkers union U.S.D.A.W.

has been that part-timers can be as good trade unionists as the full time workers, but in France it was felt that this was not true for they would avoid resorting to trade union action if it would cause trouble with the employer. There was some apprehension that where the part-time worker was given equal voting rights he could influence union policy and elections, while if he was elected as a branch officer or shop steward it would be difficult to carry out his full functions. It was suggested that there might be a case for a special section for part-time workers within the unions, but most members of the seminar believed that this would only cause more internal disorganisation.

The unions could still do a great deal for the part-time worker by obtaining greater security of employment, and by initiating plans to iron out seasonal fluctuations and lay-offs. Collective bargaining is one way of obtaining this but unions could also use their influence with governments to improve it. There is also a need to ensure that part-time workers are paid the rates equivalent to those given to full time ones. Working conditions are often poor and their promotion prospects rarely mentioned, as the employer has never even considered them. On the other hand the unions must also formalise their own policies on the relationship between part-time and full-time employees. For example it should be made clear that in times of less than full employment no man should be allowed to hold two jobs and that, where possible, part-time workers should not be encouraged in preference to full-time workers. Policy is often far from clear on many of these issues and this is most certainly a field in the service sector which needs investigation.

(h) Technical change

Experience has long conditioned trade unions to be resistant to any form of change and it is still so today, although in parts of the service sector where full information and advance has been forthcoming their fears have been considerably lessened. As Mr. Cynog Jones stated:

> "Workers in the service sector have the same fears and the same ambitions as manufacturing workers. When new methods are introduced or when management replaces male by female workers, or full-time employees by part-time, it elicits the same responses as those in manufacturing industry. The unions are usually

> prepared to face change and to accept it, if only to give their members a higher standard of living. But there is a limit to this for there is also a need to make them feel safe."

Little can be done at this stage to stop the introduction of new methods but by expanding their organisation the unions can reduce the ensuing hardships. This will of course mean that in such situations the unions will have to adjust themselves so that new tasks, new policies, new tactics, and new responsibilities will emerge.

The Conference of the International Federation of Commercial Clerks and Technical Employees in 1960 affirmed that: employees in the distributive trades have a just claim to enjoy a rising standard of living and greater leisure but recognised that improvements of the magnitude desired would be made possible as productivity rises. It declared that, subject to the Unions being consulted before the introduction of changes and at various stages thereafter, and provided that management conceded the appropriate safeguards, the trade unions should not oppose the development of new methods and other measures of rationalisation.

The Conference listed four safeguards as being necessary, viz:

1. A realistic employment policy involving proper staff training without narrow specialisation, which protected the worker from unemployment.
2. The right of the worker to share in the results and benefits including the implementation of the accepted policy of equal pay for work of equal value.
3. Control over the work load and methods adopted to ensure that there was no undue intensification of work.
4. Full consultation and discussion with trade unions and their members at all stages of any changes that may be introduced.

Trade unions have great responsibilities in times of changes and they must retain the right to negotiation and consultation on any proposed changes to ensure that the benefits of new methods are shared out.

Innovations are making many old skills redundant and at the same time simplifying others, and as the speed and direction of change is increased so the demand for a more flexible and mobile labour force will emerge. This would be helped greatly in the future if the pre-industrial education of employees was to be more broadly based than at present for they would then possess the basic educational skills which would enable them to adapt to new methods and training more easily and speedily.

Many unions feel that the retraining of existing labour for new jobs should be high on their list of demands on employers, for not only do they owe this to their workers but it can also lead to the development of talent that is hidden and would otherwise be wasted. This retraining should be done by the employers without cost to the unions or the employee and if necessary paid educational leave should be provided. The unions should nevertheless still have a large part to play in the planning of this. But what of the problem of the worker who is too old to be retrained? This is surely a humanitarian problem which the unions are well adapted to take up.

Where labour is to be redeployed it may be necessary to move the younger employees to make room for the older ones rather than transfer them to other parts of the plant. It might also be more acceptable to alter the work shedule to accommodate the older worker. Whatever is done, the union should be clear in its policy, and advance planning and full consultation is essential, for this often means not only that a man may have to change his job but his wage, prospects of promotion and his work environment.

Where new methods involve the use of new types and grades of labour this may lead to new skills and even the use of diluted labour in the form of auxiliaries in the professional services. This has long been a contentious problem in the United Kingdom where there is a fear that status and salaries may be reduced even further and the quality of teaching impaired if lower qualified personnel are used in classrooms. It has, however, been sugested that they would only be used to relieve the professional of the more routine tasks. For example, in teaching in the United Kingdom helpers are welcomed in outside classroom work as laboratory assistants, meals supervisors, visual aid mechanics, and so on, but not inside it. The unions at present are adamant in their opposition to the use of auxiliaries but criticism of their attitude is mounting and it is pointed out that a doctor allows a nurse to assist him so why should a teacher not have an assistant who is less qualified who will enable him to concentrate his specialised skills on more difficult problem. There is talk of the need to provide a better service to reduce the size of classes and attract more people into the profession.

The unions may well have to reconsider their policies and be more definitive about them when confronted not only by rapid expansion but also by the many changes that are always taking place in methods within the sector.

(i) Conclusion

The sector deserves special attention not only because of its increasing importance but also because of the effect of rapid growth in the future on the activities of trade unions.

Underlying all that was said is not only a need for more unionisation but also for a comprehensive study of labour practices in the sector, the attitude of employers and the impact of trade unions on Collective Bargaining.

CONCLUSIONS

The picture that emerged in the course of the discussions may have been an incomplete one, but it at least gave sufficient indication of the trends and their implications to make a further study imperative. The sector emerged as one in which there was a universality of issues which were different to those commonly found in other sectors.

- Turbulence and growth exist side by side with labour shortages, and the need for adequate training, careful recruitment and a better general education standard for the entrants is imperative.
- The demand for an ever-increasing number of services can often not be met by the market mechanism as the consumer is unwilling or unable to pay the price that is demanded, so that increasing governmental intervention and initiative has become necessary. But the questions remain, under what circumstances should a government intervene and to what extent? If it enters for the sake of protection, whom is it protecting - the consumer, the employee or the service?
- The desire for better services for longer periods of time gives rise to a conflict between operating hours and working hours and to the need for more labour, which leads to the use of far more married women and part-time labour. This may mean an alteration of deeply entrenched attitudes and the provision of different contracts of employment to those found in the manufacturing industry.

- An ever changing pattern of services seems to mean a more fluid and mobile labour force than before with wider and more flexible skills. This would, of course, have wide implications for trade unions in the sector but first mobility surveys are needed to help make policy decisions.

The identification of manpower problems is difficult in the sector as they are so often lost in it, but the need to redefine them is now clear and this was considered to be the main task of the seminar.

One of the great problems facing any investigator into the workings of the sector must be that of measuring the quality and effectiveness of manpower in services. Many national governments have already got fairly advanced statistical systems and the time has now come when more resources should be devoted to improving the methods used. Information is particularly needed on:

(a) The quality of the services produced;

(b) The quantity of output produced and its cost;

(c) The relationship between the labour input and the output of services.

Some attempts have been made in France and the United States to resolve these problems but more needs to be done, if only in an experimental way, to refine the tools of analysis that are used in examining the sector.

What types of people make up the labour force? This is an important question to those charged with developing an active manpower policy. Here again there were serious gaps in the information available and although some breakdowns were forthcoming according to sex, very few countries provided them on the basis of manual and non-manual workers or even by age, which would enable some sort of international comparison to be made. Censuses only enable us to see global shifts between sectors and so we can compare the balance between two periods but we have no detailed information on these shifts between sectors.

The study broke new ground but more work along this line is needed to clarify the relationships between different economic and social factors and to explain why services have different rates of growth and why growth rates are higher in one country than in another. To do this in any detail. data has to be comparable internationally but this cannot be done until the scope and definitions of the statistical terms used in national accounting are standardised. Until nomenclature is improved there is little hope of definitive international comparisons.

The main avenues of change have now become a little clearer,as well as several possible causes, but it is apparent that more needs to be known about how the sector works. Skill surveys, investigations in redundancy and mobility, the roles already played by the state, the types of labour that are now being recruited, forms of manpower training and their effectiveness are only a few of the problems on which there is insufficient information.

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II. Manpower Problems in the Principal Industries of the Service Sector

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- Job creation programs in the service sector of the United States economy, by Albert Rees
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Vienna 17th-20th September, 1963
Final Report (1964)
Supplement to the Final Report (1964)

1963-2 International Trade Union Seminar on Economic and Social Programming
Paris 22nd-25th October, 1963
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